

STATE OF ILLINOIS  
95th GENERAL ASSEMBLY  
SECOND SPECIAL SESSION  
SENATE TRANSCRIPT

1st Legislative Day

7/6/2007

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PRESIDING OFFICER: (SENATOR HALVORSON)

The Senate will come to order. Madam Secretary, Communications from the Secretary of State.

SECRETARY SHIPLEY:

I have a letter dated July 5th, 2007.

Dear Secretary Shipley - Enclosed please find a -- a copy of Proclamation No. 2007-229, filed in my office on July 5th, 2007, by Governor Rod R. Blagojevich, calling for a Special Session of the 95th General Assembly, to begin at 2 p.m. on July 6th, 2007. A notice and accompanying Proclamation has been mailed today to each Member's Springfield office.

Sincerely, Jesse White, Secretary of State.

(Secretary reads Proclamation No. 2007-229)

PRESIDING OFFICER: (SENATOR HALVORSON)

The Senate of the 95th General Assembly is assembled - its Second Special Session. Under the practice of this Body since the 88th General Assembly, the rules adopted by the 95th General Assembly and its officers and committees are in effect for the continuous period of the 95th General Assembly, including any Special Session. There are three organizational resolutions that will be adopted today. These resolutions inform the House that the Senate is ready to conduct business, create a Senate Committee of five to wait upon the Governor, and create a Senate Committee of three people to approve the Journals for the Senate for all days of the Special Session. Madam Secretary, Resolutions.

SECRETARY SHIPLEY:

Senate Resolution No. 1, Second Special Session, offered by Senator Terry Link.

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(Secretary reads SR No. 1)

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Link moves to suspend the rules for the purpose of immediately adopting Senate Resolution 1. All those in favor, say Aye. Opposed, Nay. The Ayes have it, and the rules are suspended. Senator Link now moves the adoption of Senate Resolution 1. Those in favor will say Aye. Opposed, Nay. The Ayes have it, and the resolution is adopted. Madam Secretary, Resolutions.

SECRETARY SHIPLEY:

Senate Resolution 2, Second Special Session, offered by Senator Terry Link.

(Secretary reads SR No. 2)

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Link moves to suspend the rules for the purpose of immediately adopting Senate Resolution 2. All those in favor, say Aye. Opposed, Nay. The Ayes have it, and the rules are suspended. Senator Link now moves the adoption of Senate Resolution 2. Those in favor, say Aye. Opposed, Nay. The Ayes have it, and the resolution is adopted. Madam Secretary, Resolutions.

SECRETARY SHIPLEY:

Senate Resolution No. 3, Second Special Session, offered by Senator Terry Link.

(Secretary reads SR No. 3)

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Link moves to suspend the rules for the purpose of immediately adopting Senate Resolution 3. All those in favor, say Aye. Opposed, Nay. The Ayes have it, and the rules are

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suspended. Senator Link now moves the adoption of Senate Resolution 3. Those in favor, say Aye. Opposed, Nay. The Ayes have it, and the resolution is adopted. Ladies and Gentlemen, you'll find on your desks Supplemental Calendar No. 1. Senator Brady, for what purpose do you rise?

SENATOR BRADY:

Thank you, Madam President. An inquiry of the Chair.

PRESIDING OFFICER: (SENATOR HALVORSON)

State your inquiry.

SENATOR BRADY:

Madam President, you adjourned the First Special Session, a Session in which a resolution was introduced and adopted in committee this afternoon. Is it the Chair's intention to call that resolution, which was introduced and adopted in the First Special Session, in the Second Special Session?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Brady.

SENATOR BRADY:

Can you tell us how you're able to do that, and if there's ever been a precedent where that's been done? It would seem to us that logic would be that you would call that resolution in the First Special Session since it was introduced in the First Special Session. Is there a precedent for this, or can you tell us in the rules that we just adopted where that's permissible {sic}?

PRESIDING OFFICER: (SENATOR HALVORSON)

Thank you, Senator. I will look into that. Senator Brady, to address your concerns, this is compliant with the purpose of Special Session No. 2, and so that is why we're able to call it.

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Senator Brady.

SENATOR BRADY:

I -- I understand your logic that it's compliant, but it doesn't seem to make sense that one resolution, introduced and adopted in a Special Session, could carry forward to another. I mean, why did -- why didn't you just hold the First Special Session, call it within its parameters? I mean, is -- is this going to be a practice? I understand that the Governor now has instituted at least eleven Special Sessions. Are we going to carry resolutions and bills back and forward regardless of where they make sense or where they lie? I mean, is there going to be any logic to what can be done in that Special Session?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Brady, I intend, and I hope it's the intention of the entire Senate, to make sure that it all has and makes sense. This one is because the Second Session states that it is about this issue. Hopefully -- and it is our intent to make sure that whatever resolutions are adopted, they are adopted during the Special Session of that issue. Okay. Again, as I said, you have a Supplemental Calendar on your desk. Senator Harmon, do you wish your resolution considered? Madam Secretary, please read the resolution.

SECRETARY SHIPLEY:

Senate Joint Resolution 1, First Special Session, offered by Senator Harmon.

No committee or Floor amendments reported.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon, to explain your resolution.

SENATOR HARMON:

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Thank you, Madam President, Ladies and Gentlemen of the Senate. Yesterday the Senate Revenue Committee convened to discuss the subject of the potential lease of the lottery. And, while that proposal itself certainly generated a great deal of understandable anxiety, it was equally clear to me that there seems to be some broad consensus among the Members of the Senate that we have a funding crisis in our State pension systems, born over thirty years, and one that is going to be difficult to get out of in a -- in a short term, barring some sort of extraordinary action on our part. After the Senate Revenue Committee yesterday, I introduced Senate Joint Resolution No. 1, which articulates the -- the -- the nature and severity of that problem and resolves that we, as a General Assembly, this Session, before adjourning for the summer, should, in fact, make a significant and immediate infusion of funding into the pension systems so that we may begin the -- the -- the climb out of a very deep hole as quickly and prudently as possible. I'd ask my colleagues in the Senate to join me in supporting this resolution and placing this issue front and center for the remainder of our time here in Springfield this summer.

PRESIDING OFFICER: (SENATOR HALVORSON)

Is there any discussion? Senator Pankau.

SENATOR PANKAU:

Thank you, Madam President. Will the sponsor yield?

PRESIDING OFFICER: (SENATOR HALVORSON)

Sponsor indicates he'll yield.

SENATOR PANKAU:

Thank you. Senator, along similar lines that we discussed in committee, what does a Yes vote to this resolution mean? Does

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it mean that by a Yes vote that I favor a -- a selling of the lottery?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. Thank you, Senator Pankau, for your question now and your discussion in committee. The resolution is not specific as to a particular solution and that is by design. This -- the -- a lottery transaction, the issuance of pension obligation bonds, and other things have been suggested as sources of significant funding for our underfunded pension systems, but the resolution itself is silent as to that point. I would ask for and welcome your suggestions as to how you think we might be able to in -- in -- adequately fund our pension systems this year in a way that makes up for many years of underfunding. A Yes vote on this means that you share my concern, and what I hope is the concern of the Chamber, that we have a crisis we need to address and you share my commitment to making that happen this year, but it does not commit you to a particular solution going forward.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Pankau.

SENATOR PANKAU:

Does a Yes vote on this resolution mean that I am in favor of selling bonds to put into the pension fund?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. Senator, I -- I would refer to

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my -- my last answer and emphasize that this -- voting Yes on this resolution does not commit you to supporting the issuance of pension obligation bonds or any other specific source of funding. But it -- a -- a Yes vote in my view indicates your belief and intention that we must do something this Session to address our woefully underfunded pension systems.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Pankau.

SENATOR PANKAU:

Does a Yes vote to this resolution mean that I am in favor of a tax increase of any sort to put the additional money into the pension fund?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

I'm having trouble imagining any circumstances where you would be in favor of a tax increase, Senator Pankau. But, no, again, as I said in the -- answer to the last two questions, this resolution does not commit you to a particular solution, but it does commit you to seeking a solution in -- in conjunction with the rest of us here in the Senate.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Pankau.

SENATOR PANKAU:

Does making this year's pension payment at the recommended level by the Pension Committee, is that considered significant infusion of funding?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.



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SENATOR HARMON:

Thank you, Madam President. Senator Pankau, as we discussed in committee, it is my view that the resolution calls for an infusion of capital funding to make up for past years' underfunding and does not by itself change our obligation to make continuing payments this year and in future years. The -- the scale and schedule of those payments could be affected by a significant capital infusion, but it is not my belief that this is a vehicle to delay our current obligations.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Pankau.

SENATOR PANKAU:

...the resolution, Madam President. Is there a crisis in our pension fund? Yes, there is. Has it come over a long period of time? Yes, it has. Has it potentially been exacerbated by the past two years' underfunding of that required amount? Yes, it has. Is this something that we need to address? Absolutely. However, the teachers in my district have always told me just make the pension payments. That's all that they want the State to do. They get money taken out of their checks. Their money gets put in and then we come along as a General Assembly and we don't put our required amount in. I believe -- people have told me, "This is just a resolution; it's not a bill, Carole, it doesn't have the force of law." But words do mean something. I am voting No to this resolution. I may be the only person voting No to this resolution, but I think we need to take a hard look at these pension payments. The teachers expect us to keep our word and they expect us to keep our word every single year. Thank you.

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PRESIDING OFFICER: (SENATOR HALVORSON)

Any further discussion? Senator Brady.

SENATOR BRADY:

Thank you, Madam President. Will the sponsor yield?

PRESIDING OFFICER: (SENATOR HALVORSON)

Sponsor indicates he'll yield.

SENATOR BRADY:

Senator, the Governor has called us into Special Session both yesterday and today, a cost associated with that of over forty thousand dollars per day as reported by the media. Is -- is this what the Governor had in mind? Have you talked to him about this? Does he embrace this resolution?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Senator, I have -- I have not spoken to the Governor about this resolution since it has been drafted and introduced. I believe that he is supportive of us tackling the pension funding crisis. But I -- I cannot speak for the Governor or for any of the other extraneous items you raised.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Brady.

SENATOR BRADY:

...you. Thank you. Senator Harmon, four years ago, you and I stood here and we debated a piece of legislation which you carried for the Governor, a piece of legislation where the Governor said if you will allow me to borrow ten billion dollars, I will solve the pensions crisis in Illinois. You carried that legislation dutifully for him. Last year, the Governor supported

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a budget, and the year before and the year before, which stole another two billion dollars from the pensions. I would suggest that this is what the Governor has said and that he's today a Johnny-come-lately. And while he has called a Special Session and the news media has reported that that costs us over forty thousand dollars a day, it is pathetic that we are sitting here, eighty thousand dollars or greater in two days, and alls we have to show for it is a resolution that we all knew existed - a problem that we had warned you and the Governor of for the last four years. Ladies and Gentlemen, we ought to be embarrassed. There's no reason to vote against this, but we ought to roll up our sleeves and get to work. The taxpayers deserve it. Thousands and thousands and tens of thousands dollars a day and this is all we've got to show for it. We should be ashamed of our leadership. We should be ashamed of our Governor. And we owe an apology to the people of Illinois.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. Senator Brady, I appreciate your comments. I -- I did not actually carry that bill; Senator Trotter did. I was proud to speak up in support of it and I still stand by it. The pension obligation bonds was one the most prudent things that we did. Almost overnight, our pension systems went from forty-eight-percent funded to sixty-percent funded. And I will tell you, I'm looking at a schedule of pension payments from 1970 to 2007. In only one year did we actually make the total required payment, and that was the year of the pension obligation bonds. We overpaid by five billion

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dollars and that was a significant infusion of capital. This is thirty-seven years. There's plenty of blame to go around - Republican governors, Democratic governors, Democratic leaders of both Chambers, Republican leaders in both Chambers. This is a problem that has been thirty years in the making. It is my intent to help us get out of that hole. Blaming it on the last two years, when, in fact, the last four years represent the largest payments to the pension system in any four-year period, is -- is intellectually dishonest. And I would ask us to look forward and work cooperatively to help get out of a very deep hole dug over very many years.

PRESIDING OFFICER: (SENATOR HALVORSON)

WCIA Channel 3 seeks leave to videotape the proceedings. Seeing no objection, leave is granted. Senator Brady, were you finished?

SENATOR BRADY:

Thank you, Madam President. The -- the gentleman used my name in debate. You know, Senator, I hope that's not your plan in solving this crisis to take that logic. Because - you know what? - it's real easy to take a credit card out and borrow the money and meet the payments. It's real easy. And that's what we did. This is the only administration that borrowed money to make a current obligation to the pensions. So don't construe the message. Don't construe the message. Ten billion, stole two billion to make the payment, and later, when that was the solution because of election reasons and others, we again stole another two billion. So don't -- don't misconstrue. The public's smarter than that, Senator, and so are you.

PRESIDING OFFICER: (SENATOR HALVORSON)

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There are quite a few lights lit and I would hope that nobody -- stands up to reiterate what's already been said. Senator Burzynski.

SENATOR BURZYNSKI:

Thank you, Madam President. Will the sponsor yield for a question?

PRESIDING OFFICER: (SENATOR HALVORSON)

Sponsor indicates he'll yield.

SENATOR BURZYNSKI:

Thank you. Senator Harmon, I'm -- I'm really glad that you came through with this resolution, although, in my own mind, I'm not sure that there's a need for it. We all recognize there is a crisis in Illinois with the funding of our pensions. Any of us that have State universities, retired teachers, retired pensioners understand that. We've been dealing with them for many, many years now as we've tried to address this problem. Senator, I have filed an amendment to your resolution and I'm just curious as to whether or not you'd be interested in holding your resolution till we can have a hearing on the amendment as well and then perhaps proceed at that point.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you. Did -- did you file that amendment in this Special Session or the last Special Session?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Burzynski.

SENATOR BURZYNSKI:

You know, as I understand it, the rules don't matter at this

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junction, so I -- I think we're okay, Senator.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Senator. I -- I have not seen the amendment. Senator Lauzen did raise it in -- in committee. It strikes me that the -- the -- the particular concerns embodied in the amendment are very germane to any particular solution that might emanate from this resolution going forward. But to impose restrictions and restraints on solutions that have not yet been articulated, I believe is premature. And to respond to both your concern and the -- the last speaker, it's easy to say no. I would very much welcome your suggestions for a good plan to find significant capital to add to the pension systems. We're open. We'd like to hear your ideas, but to just say, "We can't do this and we can't do that; yes, we have a crisis, but we can't embrace any of the solutions you offer", is hardly a solution.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Burzynski.

SENATOR BURZYNSKI:

Thank you. Just for your Members of the aisle to have a better understanding of what the resolution does. You know, if you're real serious about getting us out of the hole, if you're really serious about keeping us out of a pension-debt problem in the future, then the amendment that I've offered makes a tremendous amount of sense. And just so that you know it, it's only two or three sentences, it's very short here, a hundred -- it says: Resolved, that a hundred percent of the proceeds of the sale of any State asset and any State pension obligation bonds

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shall be deposited into the State's five pension systems on a pro-rata basis; and further that the State shall comply with the current statutory pension funding law with respect to State pension contributions and current general obligation bond law with respect to payment of debt service in Fiscal Year 2008 and future years. In other words, we're guaranteeing that if there is going to be an infusion of cash into the pension system, and if we are going to sell State assets, or if we're going to create more debt by some kind of bond restructuring sale or whatever, that one hundred percent of those proceeds go to pay off the pension debt. It seems to me that that's what our constituents, what the pensioners of this State deserve. I mean, you know, let's be upfront. And then if we don't continue making that payment -- and I understand, Senator, maybe that first year or two you're saying that it might not call for as much to be made into the -- to the debt service -- paid into the debt service. But let's face it, if that was the case, after 2004, we wouldn't be standing here today debating this again. So, let's keep those payments going. And, Senator, with all due respect, I certainly hope that you'll take a look at this, that we might have an opportunity to debate it further in the future. And I'm sorry to say that I don't think that this is a necessary resolution, but certainly, as Senator Brady has already said, it doesn't do any harm to vote for it. But, again, it's just restating and revisiting something we already know. Thank you.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. Senator, you're -- you're

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amendment is -- is premature. It assumes that we would issue pension obligation bonds or monetize a State asset, and it also assumes that the payment stream for the next forty years would reflect the current payment stream. We may take such a significant chunk out of the principal that it is prudent for us to modify that, in -- in a way that even you could embrace - a -- a -- a level payment over forty years. Those are the sorts of things I would seek to include in any legislation advancing a pension obligation bond issue or a monetization of a State asset. But to add it to this resolution is premature, and I would not view that as a friendly amendment.

PRESIDING OFFICER: (SENATOR HALVORSON)

Any further discussion? Senator Risinger.

SENATOR RISINGER:

Thank you, Madam President. I'll be brief. I intend to vote for this resolution because I am concerned about the pensions and the -- the security of the pensions and the -- the financial foundation of those. But I am -- I don't want this being construed that I'm supporting selling of any of our assets or -- or supporting selling of bonds to put into the pension system. I am also disappointed that here it is July the 6th and -- and all we're doing is talking about a resolution in a Special Session whenever we really don't have some real budget issues to be talking about. So, I'm going to support this, but I really don't think that this is the kind of thing that is worthy of us to be doing right now. We ought to have a budget in front of us that we're voting on.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Righter.



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SENATOR RIGHTER:

Thank you, Madam President. First, can I make an inquiry of the Chair, please?

PRESIDING OFFICER: (SENATOR HALVORSON)

You sure can.

SENATOR RIGHTER:

Madam President, I noticed earlier -- before we rang in the Second Special Session, I used the men's restroom, and I noticed in the men's restroom that there's a new...

PRESIDING OFFICER: (SENATOR HALVORSON)

Is this -- is this information I really need to know?

SENATOR RIGHTER:

It is. Well, it's because it's necessary to my inquiry, Madam President.

PRESIDING OFFICER: (SENATOR HALVORSON)

Okay.

SENATOR RIGHTER:

And I noticed, in the men's restroom, there's a new addition there. There's a little basket that sits on the sink in front of the mirrors that contains TUMS, Tylenol, shaving cream, razors, dental floss. Is there something you want to tell us about the schedule that we're going to be facing in the next few days that we've not been made aware of?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator, you're better off not knowing. Senator Righter.

SENATOR RIGHTER:

Thank you, Madam President. To the resolution, if I might. Thank you.

PRESIDING OFFICER: (SENATOR HALVORSON)

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To the resolution.

SENATOR RIGHTER:

You know, Madam President, many years ago when I turned thirty years old, my friends - and I have a lot -- like a lot of us, I have a lot of good friends, very close friends who love me very much - and they planned this big birthday party for me, big dinner party for me, and - and I knew it was going on; it wasn't a surprise party - and -- and I was actually late, and I was actually significantly late. And I felt very bad of that -- about that because my friends had gone to a lot of trouble to make the reservations and get some very nice gifts and all had some speeches to get up and make and whatnot, and I was over a half an hour late. And so I was kind of musing during the dinner and thinking about how bad I felt about it. And finally, a very, very good friend to me came up and put his arm around me, said, "You know what, Dale? Don't dwell on the fact that you were late. Let's celebrate the fact that you are here." And so, Madam President, to you, to the Governor, and to the Majority, rather than stand up and complain about how unbelievably and irresponsibly late you are to recognizing there's a pension crisis, I'm going to vote Yes on this resolution to celebrate that you, and the Majority, and the Governor, have finally arrived at the conclusion that we have a pension problem here in this State. Congratulations, Madam President.

PRESIDING OFFICER: (SENATOR HALVORSON)

Thank you, Senator. What a guy. Senator Lauzen.

SENATOR LAUZEN:

Thank you very much, Madam President. I -- you know, I agree with the previous speakers about no -- I mean, why not vote

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Yes to -- I mean, it's motherhood/apple pie - not to, in any way, diminish the efforts of the very worthy sponsor. I would like to add several things to the discussion today. First of all, to declare the pension obligation bonds a huge success after four years of a thirty-year term, I think is a bit premature. So, I -- I mean that's like calling a baseball game in the fourth inning where actually it's not -- I guess it would be more analogous to after the first or second inning, as opposed to after the nine innings that it takes. Second, I think that this idea that when people use that statistic that we were forty-eight-percent funded and then we were sixty-percent funded, is to totally ignore ten billion dollars of debt that sits in another place on the balance sheet of the State of Illinois. I think, Senator, you mentioned that some part of analysis of a previous speaker was not disingenuous, but it was incomplete, to put it politely. We have to count all the liabilities against that funding and that at least has to be footnote. But a claim that now we're funded better, just does not hold up to financial reality. The idea, again, of squandering eighty thousand dollars just to today, and I understand that we have maybe three or four other Sessions that are already scheduled - each one of those forty thousand dollars is possibly what we would pay a teacher in the State of Illinois. So we are burning the money that we could have paid for a teacher in Illinois to do this kind of discussion. We have resolutions rather than legislation. We're bringing forward a resolution that I think you're going to get a great majority of the people are going to say, "Well, sure, we got a problem." But why -- I would suggest that the ruling Majority that controls the agenda here should bring forward -- if we're going to do the Lottery

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sale, let's see the legislation. If we're going to have pension borrowing, let's see the legislation. And we're supposed to be here to pass a full year's budget and we should have that budget before us. There's no easy way to address the crisis that the Senator so aptly addresses. There's no easy way to solve that. We've got to make payments. We got to stop raiding. We have to not increase benefits by seventy million dollars just within the two weeks of talking about the crisis. And then when we borrow, we have to put all the money into -- or sell assets, or monetize assets, we have to put it into the funds. I took a look, between committee and the Floor debate, about how much has actually been put into the pension five years of the -- during the last five years and then the five years before that, net of borrowing, where there wasn't a net borrowing. Ten years ago up to six years ago, we put in 6.2 billion dollars into the pension funds - net of any borrowing. In the most recent five years, it's only been 5.2 billion, net of borrowing. We have doubled the debt of the State of Illinois and some of that money has gone into the pensions, but we still have to pay that money back. It goes back to what Senator Brady was saying about taking out the credit card. The one thing that I would suggest, the most important thing of this entire debate or discussion about this resolution, is that I understand that the 2006 legislation that was supported by the ruling Majority here on the schedule of payments, we're supposed to pay two billion dollars this year to the pension. I understand, under the current proposals, only 1.4 billion. So with what we're talking about, it's a six-hundred-million-dollar decrease over what the majority of folks suggested that we do just two years ago. I say make the payment; stop raiding; when

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we borrow, a hundred percent ought to go in; and stop making the problem worse by promising benefits that we can't afford.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. Just to respond very briefly. Senator, I -- I -- I believe that the proposal you referred to with a -- a reduction in the current year's contribution of just in excess of a -- a billion dollars is predicated on twenty-six billion dollars in principal being deposited to the pension systems. That's a -- net increase of twenty-five billion dollars. I -- I don't think that that's -- I don't think that that's a -- a problem. And you talked also about the bonds. The folks back home - the teachers, the participants in the pension systems - they don't care where the money came from; the money is now in their pension system. It has secured their pension. It is available to pay their pensions. We owe that debt, whether we owe it to the bond market or to the -- to the pension funds. The pensioners are better off for having that money in the fund.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Lauzen.

SENATOR LAUZEN:

Thank you very much. You know, I -- it -- it -- it went by me in committee when you said that, but, you know, in giving more thought to it, that the pensioners might be so selfish that they wouldn't care where that money comes from, actually when you really think about it, sure they care. They care because they care about their kids and their grandkids, and because they're ultimately human beings caring about their families, but they're

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also taxpayers. In the end, somebody's got to pay this bill, and so I think that we should give the pensioners of the State of Illinois a lot more credit than they don't care where it comes from as long as it goes there, that we can do this jumbled-up accounting. Because to not count the borrowing debt is to have jumbled-up accounting. I appreciate your indulgence.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. I, in no way, was suggesting that the pension participants are selfish, Senator, but their retirements are in jeopardy and they are much better positioned if there is capital in their -- in their account. Now, you -- you and I agree that we have a debt, whether it's a pension obligation bond debt or a debt to the -- to the pension systems. That's debt that we have today and will have until we pay it off. The fact that we could have it on better terms, the fact that it could be a hard debt that we couldn't avoid simply by passing a budget that didn't appropriate enough money to pay it, improves the lot, not only for the current participants, but for their grandchildren, who will be paying a lower debt on better terms without us having avoided any additional payments.

PRESIDING OFFICER: (SENATOR HALVORSON)

Further discussion? Senator Luechtefeld.

SENATOR LUECHTEFELD:

Thank you, Madam President. Question of the sponsor.

PRESIDING OFFICER: (SENATOR HALVORSON)

Sponsor indicates he'll yield.

SENATOR LUECHTEFELD:

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Senator, there's not a person in this room that doesn't want to make the pensions better, and I think most people realize that they're in trouble. I guess I -- and I -- and I look at you and I say, you know, he's a bright guy. Why -- why would he put himself in a position to carry something that we already know, that is -- really is about as phony as it gets? I mean, we can do this without this resolution. Why would he do that? And -- and -- and would you answer that? I mean, you seem to be a very bright guy. You're a lawyer. You take either side and try to defend it no matter what it is. But this one I don't quite understand.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

On behalf of lawyers everywhere, Senator, I would dispute your characterization and I do take some offense to that. But, that said, I believe that this is the right thing to do. We -- we clearly have a crisis. We need to find a solution, and there's a -- a current around here right now of saying no. "No, we can't enter into a transaction involving the Lottery." "No, we can't issue pension obligation bonds." No, no, no. What will you say yes to? We need some suggestions of things that you might say yes to. This resolution I believe is important. It's -- it is asking us all to say, yes, we have a common problem and, yes, we need to find a common solution.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Luechtefeld.

SENATOR LUECHTEFELD:

I -- I -- I'm not really sure what you were taking issue

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with, not the fact that lawyers were bright. You weren't taking an issue with that, were you? It was -- it was the issue of taking either side and -- and swearing to God it was the right side. But -- but again, I -- I -- I guess I'm amazed that -- where are we going with this? Why would you do this? It doesn't make any sense. I mean, we all know what this resolution says. We all agree with it. We have a problem. What good does it do? What good will this amendment do? Is this going to lead us to something, a solution?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Luechtefeld, he already answered that.

SENATOR LUECHTEFELD:

He did?

PRESIDING OFFICER: (SENATOR HALVORSON)

Do you have another question? Senator Luechtefeld.

SENATOR LUECHTEFELD:

The -- another point I'd like to make. You -- you mentioned something about intellectual dishonesty. You know, I have been to a number of functions, maybe with teachers or retired -- retired State employees, and -- and there have been people from the other party there who have voted, maybe in the House, who have voted for the pension bonding, if you'll remember ten years ago. And they -- and they say - and -- and maybe you could explain this to me they say, "You know, the -- the pensions are better funded now that Rod Blagojevich did this and we did this for you than they were before. It's up to sixty-two or sixty-four. It used to be a -- a lower rate." And -- and I -- and I say, "Well, first of all, we borrowed ten billion dollars." And -- and if -- and correct me if I'm wrong, I think we took about



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two point something out of it and stuck it in the budget and it's gone. Am I wrong about that? That didn't go into the budget?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you. This is -- this is a point of -- of -- of much concern and debate, and I think folks on your side have stated it correctly. A portion of the pension obligation bond proceeds were used to pay the current year's contribution to the pension funds. The -- the proceeds went into the pension funds. A -- a -- the large proportion - seventy some percent, seven point something billion dollars - was capital going forward and the smaller percent, two point something, was used to fund a -- a year and a quarter of current contributions. I don't think anyone disputes that.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Luechtefeld.

SENATOR LUECHTEFELD:

But, Senator, that is part of the budget. It went into the budget. We really only invested about 7.8, or whatever, into the pension funds. Am -- am I -- that's what we invested. And -- and then -- and then to say that it -- they're better funded at a higher rate - we still owe ten billion, don't we? Am I wrong about that? Don't we still owe ten billion?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Senator, we -- we still owe money. We -- we owe the -- the principal and interest on the pension obligation bonds, but --

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but we don't owe it to the pension funds. And that's an important distinction. That's a very important distinction if you're a pensioner depending on that pension check coming every month or if you're a -- a -- a teacher in your fifth year of service and you're looking thirty years forward to see whether you're going to have a pension. Being sixty-percent funded is much better than being forty-eight-percent funded. The fact that we owe the pension obligation bond debt is important, but it's not important to the health and vitality of the pension system.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Luechtefeld.

SENATOR LUECHTEFELD:

But, you know, the -- when you said something about intellectually dishonest, that -- that really caught my attention because we still owe ten billion dollars. And from what I understand, we've not paid one cent on the principal up to this point, not one cent. All of it has been simply interest. Again, you know, I -- what you're doing is okay. You know, I'm probably going to vote for it. I'm just saying he's a -- he's a bright guy. Why -- why didn't he have somebody else carry this? This -- this isn't -- this doesn't make a lot of sense, Senator. So, thank you.

PRESIDING OFFICER: (SENATOR HALVORSON)

Any further discussion? Something different than what's already been said. Senator Syverson.

SENATOR SYVERSON:

Thank you, Madam President. You know, in 1995, when myself and a couple other Legislators started talking about this issue, it certainly wasn't a sexy issue. Members on our side of the

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aisle didn't want to make those tough decisions. Members on your side of the aisle didn't want to make it. We had to fight, at that time, Governor Edgar who didn't like -- necessarily like the idea, because we had to take money out of -- new money that was coming in and we had to commit that to making those pension payments. And that was something that many Legislators were saying, "Why do that now? They can pay for that later. We'd rather take that money and spend it today." But we were able to convince enough Legislators to agree so we could pass that legislation. It wasn't perfect. It wasn't all we wanted, but it had a schedule that we would be -- if we stuck to it as of today, we would have paid off significantly more than where we're standing at today. But, again, it wasn't perfect. But, we would have been paying off more. And we've got, of course, copies of these here of what the '95 schedule would be. The problem is that each time that we have come up with this new plan of paying off the pensions, it's interesting we always -- it's kind of like these loans you take. You take out these loans and there's no interest payments for the first sixty days and it sounds so great, but then -- then the cliff comes. And so you can only do that a certain amount of times. I have an employee that -- that tried to make an art form of -- of charging money and -- on one of these charge cards - the first ninety days no interest, and then after ninety days, they would find another charge card and they would do it. And they would say, "Look, we've paid off this charge card and look we're doing it with no interest." The bottom line is he still had to pay all the money and it finally caught up to him. My concern is, each time we do a revamping of the pensions, somehow we reduce our obligation today of what we

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have to pay and we increase it further. In the example that the Senator made regarding the ten billion, that's true, all ten billion went into the pension. But, the money that was obligated in the budget that was supposed to go for pensions didn't go for pensions. So, in reality, what he was saying was correct, that two billion of that ten really got diverted into non-pension-related issues because we didn't make a pension payment that year. My concern is -- this year is the same thing. We just started this plan two years ago, and according to the -- the schedule that was passed and the Governor agreed to, that we promised we would never change, this year the payment is supposed to be two billion dollars. In the Governor's proposed budget, it's only 1.4. We're six hundred million dollars short this year alone in the proposed budget. That was the introduced budget. Now, if you're saying that it was predicated on his introduced budget of him selling the Lottery, well, that was a little bit premature for him to make that question or to -- to implement that. I guess my question to you is, do you support fully funding the pension for this year using current State finances and not borrowing money to make the payment, not selling assets to make the payment? Do you support, out of this year's revenue, out of this year's budget, fully funding the Governor's pension plan?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon.

SENATOR HARMON:

Thank you, Madam President. Senator, I appreciate your question. Yes, I do. I -- I support making the current year's payment out of current year's funds and not diverting principal

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from -- or proceeds of bonds or -- or the proceeds from the monetization of a State asset to make this year's payment. That said, I want to make sure that we're all understanding that the schedule of payments over forty years is a very arbitrary thing. The 1995 law, which I know that you are very proud of, created a very low threshold at the front end and ramped up over fifteen years. It made it -- the decisions in the first year very manageable relative to 2010, when we're at 19.5 percent of -- of payroll for the -- for the TRS system, for instance. That ramp needs to be revamped when we reach a point where the -- the burden is crippling. And it's my hope that by making a significant capital infusion, we can -- we can reduce that crippling element and create a system where we have a prudent and level payment over some period of years to achieve full funding at a reasonable target, preferably before 2045. So I think philosophically we're in agreement, that we should not push forward our obligations going forward, but until we know the scope and -- and -- and -- and significance of whatever we might be able to do this year, I don't know what that payment schedule should look like. Is that responsive to your...

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Syverson.

SENATOR SYVERSON:

Somewhat responsive, I guess, somewhat semantics. Based on the '95 schedule, percentage-wise we were paying a painful amount of money. And if we had stuck to that schedule, we would be paying more today than we would under this current proposal. But, again, having said that, going back to your question of -- of paying two billion, but then you came back with the -- the

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statement, if we come up with more money that we can dump in there, then we should be allowed to reduce that obligation. So I -- I guess maybe reiterating the question, are you committed to spending at least two billion dollars in pension - not from borrowed money, not from dumping significant dollars in, that -- from borrowed money - but committing two -- two billion out of our sixty-one billion dollars towards making this pension obligation this year? And if we can come up with some creative ways, a better way to do it, refinancing, that's fine. That should all be tacked onto the backend savings, not saying, "Let's get away with as -- paying as little as possible now so we can pay more later on." So I guess -- again, I appreciate what you're trying to do and I -- and I -- and I'm glad that after all these years, we're finally starting to address this obligation. But I guess my concern is that are we really committing to spending the money this year without other gimmicks to get that done?

PRESIDING OFFICER: (SENATOR HALVORSON)

Discussion? Senator Ronen.

SENATOR RONEN:

Thank you, Madam President. I just wanted to thank Senator Harmon for moving forward with this. He's probably one of the few people in this Chamber that understands the full scope of what we're talking about, and I really appreciate your support here. To Senator Syverson, you -- he touched on it. He talked about the 1995 plan and that's -- and when Senator Harmon responded to Senator Syverson, I think he was rather diplomatic and kind and maybe lawyerly in his response. The fact of the matter is, the plan in '95, as you well know, back-loaded all of

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our -- our obligations. The pension interest payments were minimal in the first eight to ten years and then this ramp happened. We're in the middle of this ramp now. The exorbitant interest rate payments that we have to make every year are because of that bill that we all -- most of us in this Chamber are complicit with. I'm not sure if Senator Luechtefeld was here in '95, but if he was, he's forgotten about this. So maybe he wasn't here. But that's the problem we're trying to address. But let's get to some facts. They are -- when -- four or five years ago the pensions were funded at forty percent. Today they're funded at a little over sixty percent, because in the last four years we've put thirteen billion dollars into the pensions to pay down that principal. We have to keep on doing that. If we don't pay down more of the significant principal, our interest payments are going to eat up every single penny of new revenue we have into the foreseeable future and beyond. So this resolution today is about saying we have a problem, let's together figure out a way to solve it, and understand that the solution -- the -- the problem that we're addressing was one that was caused by this plan in '95. And we have it within our power now to make a significant change and change the payment schedule going forward. Make secure teachers' and public employees' pensions, 'cause we all care about that. We can do all those things, and if you want to do those things, you should vote Yes for this resolution.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Watson.

SENATOR WATSON:

Yes. Thank you very much, Madam President. And I'm

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somewhat bewildered, I guess, by some of the comments that are being made here and the statements that are being made. I -- when I got a call today from the Senate President that -- telling us what we were going to do today - he -- he brought up the interest payments and all this - and I -- I said, "Man," I said, "we've been talking about this for years." We've been talking about this since the 2003 bonding program that you borrowed ten billion dollars - borrowed ten billion; put seven and a half billion, I believe it is, into the pensions; used the rest of it for programs outside of what really the bonding was for, and that was pensions. And we've now spent two billion dollars in interest and not -- paid one cent, one red cent, on the ten billion dollars that we borrowed. Now, that is fiscally irresponsible, fiscally irresponsible. We've been talking about this for three, four, five years - about the need to finally do something about the pensions. And, Senator Harmon, I have to -- you're - what was it? - diplomatic and kind and lawyeresque, or whatever it was. You're handling yourself very well and -- and - - as you always do. But what is this resolution all about? What does it really do? It really isn't really much of anything in all practicality. This is really a lot of -- lot to do about absolutely nothing. But, in the Proclamation, the Governor states that this resolution demands a solution to the problem. And it is a crisis. And I think we all recognize that. As I said, this side of the aisle has been talking about it for a long, long time. We talked about it privately in the meetings in 2004, when we were down on the second floor negotiating with the Governor and your leader and other leaders in this -- across the hall. This caucus stood firm in its attitude about the need to



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make that contribution. Now, sure, in the ultimate end, we had to compromise some, but we were firm in our belief that this was an obligation that this General Assembly, this State of Illinois, has to make to the people who work for the State, who teach our young children, who work in this General Assembly, who run the judicial system, or work at a university. We felt very strong about that, and anybody that was in that room, anybody that sat in that room, would have to recognize that the Senate Republican Caucus stood for the pensioners of this State and stood firmly with them. I think we need to recognize that. Now we did start along the way in 1995, as Senator Syverson said, and we were doing very well. Thank you. We didn't -- obviously the Governor didn't like that solution, so he comes up with Senate Bill 27, which has been discussed here by Senator Luechtefeld and Senator Brady. Senate Bill 27 - what did that do? We opposed that over here. Once again, we felt that in the name of the -- what's best for the pensioners of this State who depend on it, that was totally irresponsible. It raided 2.3 billion - a raid of the system of 2.3 billion obligation over two years and underfunded the pensions. Who supported that? No one on this side of the aisle, no one. Now I understand that the Governor was in your caucus today and demanded that we have to have health care. I've got to have my health care program. And that was a discussion that was very lengthy in your caucus and he's very passionate about it. Well, who's going to pay for this health care program, this massive spending that he wants to impose on the people of this State? Who's going to pay? The pensioners. This is not about the pensions. This is about the Governor having more money to start a program that's going to take this State in a direction

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that I think is fiscally -- totally fiscally irresponsible, totally. It's not about the pension and the people -- good people who work for this State and teach our young kids. It's not about them. It's about something else that the Governor wants to do, totally. And I think those of you who sat in that caucus know exactly what I'm talking about. So what do we need to do? You say what do you -- what's our plan? What's our plan? Just make the payment. Make the obligated payment that you started about two years ago. You were the one. The Governor put us on this path. Just make the payment. That's the solution, Senator. You asked what -- we're not about Dr. No over here, or no, no, no, or hell no. We're not about that. Make the payment. Meet the obligation. That's all we say. Don't go on this massive programs and charade that's all about something other than the pension, because that's what we know, and you know, and everybody in this building knows what this is all about. Thank you.

PRESIDING OFFICER: (SENATOR HALVORSON)

President Jones.

SENATOR E. JONES:

Thank you, Madam President. I rise in support of the resolution. And I hear all the comments as relate to the resolution as relate to the pensions. When folks say we already know this, I think -- I wonder sometime if we really know this. The actuaries of the pension systems have pointed out to us that if the pensions were fully funded through the -- through their investments, they would make approximately about eight-and-half-percent interest. Since the pensions are underfunded, our payments go toward the eight-and-a-half-percent interest. Eight-

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and-a-half-percent interest on forty billion dollars -- I heard somebody talk about two billion dollars. Take two off of forty-three {sic} and you're down to thirty-eight. But eight-and-a-half-percent interest, when you look at that and you look at making that payment, the money that we are paying is just going to pay interest. You're not cutting down on the principal. The logical thing to do is to recognize that and how can we make a difference into what we are paying. This -- this problem has been building for years and years and years. And with the interest that we are paying - I don't care how much you pay - our obligation gets larger and larger and larger. So we do recognize we do have a problem. The 1995 law was not a perfect law, but we must recognize that it's not perfect. We must recognize that in making the payments based on the -- 1995 law, when we were making those payments and it's not enough even to cover the interest, then the principal will get higher and higher each year. That's our problem. So this -- this resolution points that out so we can come to the realization that we must do something. The simplest thing, as -- as I listened to many Members speak on the other side, they said, "Oh, let -- let's don't do anything." And I've seen homeowners, people who own buildings, they -- they go out and get a mortgage. They think they made the right deal. But if something comes along where they can get it at a lower interest rate and save their dollars, that's what they do, they refinance. We've got to do something 'cause FY'08 calls for 2.1 billion dollars, not going toward the principal, but going to pay the interest that we must pay because the pension system is underfunded, and which has been underfunded for many years. I urge a Aye vote on the resolution.

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PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon, to close.

SENATOR HARMON:

Thank you, Madam President. I appreciate the robust debate. Let me just close by highlighting one of the pension funds, the - - the Teachers' Retirement System. It's one we respond to. We all have teachers back home. We want to make sure that their retirements are secure. In Fiscal Year 2003, when the -- the new legislature took -- took our seats here, the -- the balance in that fund was just over twenty-three billion. Today it is over thirty-eight billion. That's an increase of fifteen billion dollars. That represents the sum total of our annual contributions, the extraordinary contribution from the pension obligation bonds, and healthy investment earnings there on. That's a -- roughly a sixty-percent increase in the funding for the Teachers' Retirement System. I would tell you that I think the teachers are much better off and much more secure for the work we've done over the last four years. We need to continue that. We -- we need to not be afraid of the sorts of solutions we offered in 2003. We need to come up with a solution. We ask all of you to offer those solutions and to work with us. And I ask you all for your Aye votes.

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Harmon moves the adoption of Senate Joint Resolution 1. All those in favor will say Aye. Opposed, Nay. The Ayes have it, and the resolution is adopted. Senator Jacobs.

SENATOR JACOBS:

Yes, Madam Chair. I'm -- I'm -- I'm rising to explain my non-vote.

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PRESIDING OFFICER: (SENATOR HALVORSON)

Nobody asked for a roll call, Senator. We didn't have to vote. Senator Righter.

SENATOR RIGHTER:

Thank you, Madam President. An inquiry of the Chair.

PRESIDING OFFICER: (SENATOR HALVORSON)

State your inquiry.

SENATOR RIGHTER:

Thank you. Madam President, as I'm sure you're probably aware, most of the Members are, earlier today Speaker Madigan announced that he did not believe the Governor had the constitutional authority to set the time of a Special Session. And so apparently the House is not going to adhere to the specific hour at which the Governor desires to have a Special Session called. My inquiry is this, for purposes of our side of the aisle and setting our schedules, do you -- is it the Senate President's intention to abide by what the Governor wants insofar as when the Senate convenes or is the Senate going to, as some would say, remain the master of its own house and decide for itself when we'd go into Session?

PRESIDING OFFICER: (SENATOR HALVORSON)

Senator Righter, we've already said that we would be reconvening tomorrow at 1:50 -- for Special Session 1. So, we'll be here anyway, so we will be complying, at least on Saturday, to the request. There being no further business to come before the Senate, the Second Special Session of the Senate stands adjourned until 1:55, tomorrow, July 7th, 2007. The Special Session of the Senate stands adjourned.