



Sen. Kwame Raoul

Filed: 3/2/2010

09600SB3404sam001

LRB096 17906 AMC 37921 a

1 AMENDMENT TO SENATE BILL 3404

2 AMENDMENT NO. _____. Amend Senate Bill 3404 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Sections 6.9 and 6.10 as follows:

6 (5 ILCS 375/6.9)

7 Sec. 6.9. Health benefits for community college benefit
8 recipients and community college dependent beneficiaries.

9 (a) Purpose. It is the purpose of this amendatory Act of
10 1997 to establish a uniform program of health benefits for
11 community college benefit recipients and their dependent
12 beneficiaries under the administration of the Department of
13 Central Management Services.

14 (b) Creation of program. Beginning July 1, 1999, the
15 Department of Central Management Services shall be responsible
16 for administering a program of health benefits for community

1 college benefit recipients and community college dependent
2 beneficiaries under this Section. The State Universities
3 Retirement System and the boards of trustees of the various
4 community college districts shall cooperate with the
5 Department in this endeavor.

6 (c) Eligibility. All community college benefit recipients
7 and community college dependent beneficiaries shall be
8 eligible to participate in the program established under this
9 Section, without any interruption or delay in coverage or
10 limitation as to pre-existing medical conditions. Eligibility
11 to participate shall be determined by the appropriate community
12 college and the determination will be provided to the State
13 Universities Retirement System. The State Universities
14 Retirement System may rely on this information in making
15 deductions from annuity payments for premiums. Eligibility
16 information shall be communicated to the Department of Central
17 Management Services in a format acceptable to the Department.

18 (d) Coverage. The health benefit coverage provided under
19 this Section shall be a program of health, dental, and vision
20 benefits.

21 The program of health benefits under this Section may
22 include any or all of the benefit limitations, including but
23 not limited to a reduction in benefits based on eligibility for
24 federal medicare benefits, that are provided under subsection
25 (a) of Section 6 of this Act for other health benefit programs
26 under this Act.

1 (e) Insurance rates and premiums. The Director shall
2 determine the insurance rates and premiums for community
3 college benefit recipients and community college dependent
4 beneficiaries. Rates and premiums may be based in part on age
5 and eligibility for federal Medicare coverage. The Director
6 shall also determine premiums that will allow for the
7 establishment of an actuarially sound reserve for this program.

8 The cost of health benefits under the program shall be paid
9 as follows:

10 (1) For a community college benefit recipient, up to
11 75% of the total insurance rate shall be paid from the
12 Community College Health Insurance Security Fund.

13 (2) The balance of the rate of insurance, including the
14 entire premium for any coverage for community college
15 dependent beneficiaries that has been elected, shall be
16 paid by deductions authorized by the community college
17 benefit recipient to be withheld from his or her monthly
18 annuity or benefit payment from the State Universities
19 Retirement System; except that (i) if the balance of the
20 cost of coverage exceeds the amount of the monthly annuity
21 or benefit payment, the difference shall be paid directly
22 to the State Universities Retirement System by the
23 community college benefit recipient, and (ii) all or part
24 of the balance of the cost of coverage may, at the option
25 of the board of trustees of the community college district,
26 be paid to the State Universities Retirement System by the

1 board of the community college district from which the
2 community college benefit recipient retired. The State
3 Universities Retirement System shall promptly deposit all
4 moneys withheld by or paid to it under this subdivision
5 (e) (2) into the Community College Health Insurance
6 Security Fund. These moneys shall not be considered assets
7 of the State Universities Retirement System.

8 (f) Financing. All revenues arising from the
9 administration of the health benefit program established under
10 this Section shall be deposited into the Community College
11 Health Insurance Security Fund, which is hereby created as a
12 nonappropriated trust fund to be held outside the State
13 Treasury, with the State Treasurer as custodian. Any interest
14 earned on moneys in the Community College Health Insurance
15 Security Fund shall be deposited into the Fund.

16 Moneys in the Community College Health Insurance Security
17 Fund shall be used only to pay the costs of the health benefit
18 program established under this Section, including associated
19 administrative costs and the establishment of a program
20 reserve. Beginning January 1, 1999, the Department of Central
21 Management Services may make expenditures from the Community
22 College Health Insurance Security Fund for those costs.

23 (g) Contract for benefits. The Director shall by contract,
24 self-insurance, or otherwise make available the program of
25 health benefits for community college benefit recipients and
26 their community college dependent beneficiaries that is

1 provided for in this Section. The contract or other arrangement
2 for the provision of these health benefits shall be on terms
3 deemed by the Director to be in the best interest of the State
4 of Illinois and the community college benefit recipients based
5 on, but not limited to, such criteria as administrative cost,
6 service capabilities of the carrier or other contractor, and
7 the costs of the benefits.

8 (h) Continuation of program. It is the intention of the
9 General Assembly that the program of health benefits provided
10 under this Section be maintained on an ongoing, affordable
11 basis. The program of health benefits provided under this
12 Section may be amended by the State and is not intended to be a
13 pension or retirement benefit subject to protection under
14 Article XIII, Section 5 of the Illinois Constitution.

15 (i) Other health benefit plans. A health benefit plan
16 provided by a community college district (other than a
17 community college district subject to Article VII of the Public
18 Community College Act) under the terms of a collective
19 bargaining agreement in effect on or prior to the effective
20 date of this amendatory Act of 1997 shall continue in force
21 according to the terms of that agreement, unless otherwise
22 mutually agreed by the parties to that agreement and the
23 affected retiree. A community college benefit recipient or
24 community college dependent beneficiary whose coverage under
25 such a plan expires shall be eligible to begin participating in
26 the program established under this Section without any

1 interruption or delay in coverage or limitation as to
2 pre-existing medical conditions.

3 This Act does not prohibit any community college district
4 from offering additional health benefits for its retirees or
5 their dependents or survivors.

6 (j) Nothing in this Section establishes a duty on the part
7 of the State Universities Retirement System to certify, verify,
8 audit, or otherwise ensure the appropriateness or adequacy of
9 the information received from the community colleges.

10 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

11 (5 ILCS 375/6.10)

12 Sec. 6.10. Contributions to the Community College Health
13 Insurance Security Fund.

14 (a) Beginning January 1, 1999, every active contributor of
15 the State Universities Retirement System (established under
16 Article 15 of the Illinois Pension Code) who (1) is a full-time
17 employee of a community college district (other than a
18 community college district subject to Article VII of the Public
19 Community College Act) or an association of community college
20 boards and (2) is not an employee as defined in Section 3 of
21 this Act shall make contributions toward the cost of community
22 college annuitant and survivor health benefits at the rate of
23 0.50% of salary.

24 These contributions shall be deducted by the employer and
25 paid to the State Universities Retirement System as service

1 agent for the Department of Central Management Services. The
2 System may use the same processes for collecting the
3 contributions required by this subsection that it uses to
4 collect the contributions received from those employees under
5 Section 15-157 of the Illinois Pension Code. An employer may
6 agree to pick up or pay the contributions required under this
7 subsection on behalf of the employee; such contributions shall
8 be deemed to have been paid by the employee.

9 The State Universities Retirement System shall promptly
10 deposit all moneys collected under this subsection (a) into the
11 Community College Health Insurance Security Fund created in
12 Section 6.9 of this Act. The moneys collected under this
13 Section shall be used only for the purposes authorized in
14 Section 6.9 of this Act and shall not be considered to be
15 assets of the State Universities Retirement System.
16 Contributions made under this Section are not transferable to
17 other pension funds or retirement systems and are not
18 refundable upon termination of service.

19 (b) Beginning January 1, 1999, every community college
20 district (other than a community college district subject to
21 Article VII of the Public Community College Act) or association
22 of community college boards that is an employer under the State
23 Universities Retirement System shall contribute toward the
24 cost of the community college health benefits provided under
25 Section 6.9 of this Act an amount equal to 0.50% of the salary
26 paid to its full-time employees who participate in the State

1 Universities Retirement System and are not members as defined
2 in Section 3 of this Act.

3 These contributions shall be paid by the employer to the
4 State Universities Retirement System as service agent for the
5 Department of Central Management Services. The System may use
6 the same processes for collecting the contributions required by
7 this subsection that it uses to collect the contributions
8 received from those employers under Section 15-155 of the
9 Illinois Pension Code.

10 The State Universities Retirement System shall promptly
11 deposit all moneys collected under this subsection (b) into the
12 Community College Health Insurance Security Fund created in
13 Section 6.9 of this Act. The moneys collected under this
14 Section shall be used only for the purposes authorized in
15 Section 6.9 of this Act and shall not be considered to be
16 assets of the State Universities Retirement System.
17 Contributions made under this Section are not transferable to
18 other pension funds or retirement systems and are not
19 refundable upon termination of service.

20 The Department of Healthcare and Family Services, or any
21 successor agency designated to procure healthcare contracts
22 pursuant to this Act, is authorized to establish funds,
23 separate accounts provided by any bank or banks as defined by
24 the Illinois Banking Act, or separate accounts provided by any
25 savings and loan association or associations as defined by the
26 Illinois Savings and Loan Act of 1985 to be held by the

1 Director, outside the State treasury, for the purpose of
2 receiving the transfer of moneys from the Community College
3 Health Insurance Security Fund. The Department may promulgate
4 rules further defining the methodology for the transfers. Any
5 interest earned by moneys in the funds or accounts shall inure
6 to the Community College Health Insurance Security Fund. The
7 transferred moneys, and interest accrued thereon, shall be used
8 exclusively for transfers to administrative service
9 organizations or their financial institutions for payments of
10 claims to claimants and providers under the self-insurance
11 health plan. The transferred moneys, and interest accrued
12 thereon, shall not be used for any other purpose including, but
13 not limited to, reimbursement of administration fees due the
14 administrative service organization pursuant to its contract
15 or contracts with the Department.

16 (c) On or before November 15 of each year, the Board of
17 Trustees of the State Universities Retirement System shall
18 certify to the Governor, the Director of Central Management
19 Services, and the State Comptroller its estimate of the total
20 amount of contributions to be paid under subsection (a) of this
21 Section for the next fiscal year. Beginning in fiscal year
22 2008, the amount certified shall be decreased or increased each
23 year by the amount that the actual active employee
24 contributions either fell short of or exceeded the estimate
25 used by the Board in making the certification for the previous
26 fiscal year. The State Universities Retirement System shall

1 calculate the amount of actual active employee contributions in
2 fiscal years 1999 through 2005. Based upon this calculation,
3 the fiscal year 2008 certification shall include an amount
4 equal to the cumulative amount that the actual active employee
5 contributions either fell short of or exceeded the estimate
6 used by the Board in making the certification for those fiscal
7 years. The certification shall include a detailed explanation
8 of the methods and information that the Board relied upon in
9 preparing its estimate. As soon as possible after the effective
10 date of this Section, the Board shall submit its estimate for
11 fiscal year 1999.

12 (d) Beginning in fiscal year 1999, on the first day of each
13 month, or as soon thereafter as may be practical, the State
14 Treasurer and the State Comptroller shall transfer from the
15 General Revenue Fund to the Community College Health Insurance
16 Security Fund 1/12 of the annual amount appropriated for that
17 fiscal year to the State Comptroller for deposit into the
18 Community College Health Insurance Security Fund under Section
19 1.4 of the State Pension Funds Continuing Appropriation Act.

20 (e) Except where otherwise specified in this Section, the
21 definitions that apply to Article 15 of the Illinois Pension
22 Code apply to this Section.

23 (f) Nothing in this Section establishes a duty on the part
24 of the State Universities Retirement System to certify, verify,
25 audit, or otherwise ensure the appropriateness or adequacy of
26 the contributions made by or information received from the

1 community colleges.

2 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

3 Section 10. The Illinois Pension Code is amended by
4 changing Sections 1-150, 1A-108.5, and 15-159 as follows:

5 (40 ILCS 5/1-150)

6 Sec. 1-150. Approval of travel or educational mission. The
7 expenses for travel or educational missions of a board member
8 of a retirement system, pension fund, or investment board
9 created under this Code, except those whose investments are
10 restricted by Section 1-113.2 of this Code, must be approved by
11 a majority of the board prior to the travel or educational
12 mission. This Section does not apply to expenses necessarily
13 incurred in the State of Illinois for attending board meetings,
14 board committee meetings, ethics training, or fiduciary
15 training as a trustee of the retirement system, pension fund,
16 or investment board.

17 (Source: P.A. 96-6, eff. 4-3-09.)

18 (40 ILCS 5/1A-108.5)

19 Sec. 1A-108.5. Economic opportunity investments.

20 (a) For the purposes of this Section:

21 "Economic opportunity investment" means a qualified
22 investment, managed passively or actively by the pension fund,
23 that promotes economic development within the State of Illinois

1 by providing financially prudent investment opportunities in
2 or through the use of (a) Illinois businesses or (b)
3 Illinois-based projects that promote the economy of the State
4 or a region of the State, including without limitation
5 promotion of venture capital programs, coal and other natural
6 resource development, tourism development, infrastructure
7 development, real estate development, and job development
8 within the State of Illinois, while producing a competitive
9 rate of return commensurate with the risk of investment.

10 "Illinois business" means a business, including an
11 investment adviser, that is headquartered in Illinois.

12 "Illinois-based project" means an individual project of a
13 business, including the provision of products and investment
14 and other services to the pension fund, that will result in the
15 conduct of business within the State, the employment of
16 individuals within the State, or the acquisition of real
17 property located within the State.

18 (b) It is the public policy of the State of Illinois to
19 encourage the pension funds, and any State entity investing
20 funds on behalf of pension funds, to promote the economy of
21 Illinois through the use of economic opportunity investments to
22 the greatest extent feasible within the bounds of financial and
23 fiduciary prudence.

24 (c) Each pension fund, except pension funds created under
25 Articles 3 and 4 of this Code, shall submit a report to the
26 Governor and the General Assembly by September 1 of each year,

1 beginning in 2009, that identifies the economic opportunity
2 investments made by the fund, the primary location of the
3 business or project, the percentage of the fund's assets in
4 economic opportunity investments, and the actions that the fund
5 has undertaken to increase the use of economic opportunity
6 investments to the greatest extent feasible within the bounds
7 of financial and fiduciary prudence.

8 (d) Pension funds created under Articles 2, 14, 15, 16, and
9 18 of this Act, and any State agency investing funds on behalf
10 of those pension funds, must make reasonable efforts to invest
11 in economic opportunity investments.

12 (e) In making economic opportunity investments, trustees
13 and fiduciaries must comply with the relevant requirements and
14 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
15 1-110, and 1-111 of this Code. Economic opportunity investments
16 that otherwise comply with this Code shall not be deemed
17 imprudent solely because they are investments in an Illinois
18 business or Illinois-based project.

19 (Source: P.A. 96-753, eff. 8-25-09.)

20 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

21 Sec. 15-159. Board created.

22 (a) A board of trustees constituted as provided in this
23 Section shall administer this System. The board shall be known
24 as the Board of Trustees of the State Universities Retirement
25 System.

1 (b) Until July 1, 1995, the Board of Trustees shall be
2 constituted as follows:

3 Two trustees shall be members of the Board of Trustees of
4 the University of Illinois, one shall be a member of the Board
5 of Trustees of Southern Illinois University, one shall be a
6 member of the Board of Trustees of Chicago State University,
7 one shall be a member of the Board of Trustees of Eastern
8 Illinois University, one shall be a member of the Board of
9 Trustees of Governors State University, one shall be a member
10 of the Board of Trustees of Illinois State University, one
11 shall be a member of the Board of Trustees of Northeastern
12 Illinois University, one shall be a member of the Board of
13 Trustees of Northern Illinois University, one shall be a member
14 of the Board of Trustees of Western Illinois University, and
15 one shall be a member of the Illinois Community College Board,
16 selected in each case by their respective boards, and 2 shall
17 be participants of the system appointed by the Governor for a 6
18 year term with the first appointment made pursuant to this
19 amendatory Act of 1984 to be effective September 1, 1985, and
20 one shall be a participant appointed by the Illinois Community
21 College Board for a 6 year term, and one shall be a participant
22 appointed by the Board of Trustees of the University of
23 Illinois for a 6 year term, and one shall be a participant or
24 annuitant of the system who is a senior citizen age 60 or older
25 appointed by the Governor for a 6 year term with the first
26 appointment to be effective September 1, 1985.

1 The terms of all trustees holding office under this
2 subsection (b) on June 30, 1995 shall terminate at the end of
3 that day and the Board shall thereafter be constituted as
4 provided in subsection (c).

5 (c) Beginning July 1, 1995, the Board of Trustees shall be
6 constituted as follows:

7 The Board shall consist of 9 trustees appointed by the
8 Governor. Two of the trustees, designated at the time of
9 appointment, shall be participants of the System. Two of the
10 trustees, designated at the time of appointment, shall be
11 annuitants of the System who are receiving retirement annuities
12 under this Article. The 5 remaining trustees may, but need not,
13 be participants or annuitants of the System.

14 The term of office of trustees appointed under this
15 subsection (c) shall be 6 years, beginning on July 1. However,
16 of the initial trustees appointed under this subsection (c), 3
17 shall be appointed for terms of 2 years, 3 shall be appointed
18 for terms of 4 years, and 3 shall be appointed for terms of 6
19 years, to be designated by the Governor at the time of
20 appointment.

21 The terms of all trustees holding office under this
22 subsection (c) on the effective date of this amendatory Act of
23 the 96th General Assembly shall terminate on that effective
24 date. The Governor shall make nominations for appointment under
25 this Section within 60 days after the effective date of this
26 amendatory Act of the 96th General Assembly. A trustee sitting

1 on the board on the effective date of this amendatory Act of
2 the 96th General Assembly may not hold over in office for more
3 than 90 days after the effective date of this amendatory Act of
4 the 96th General Assembly. Nothing in this Section shall
5 prevent the Governor from making a temporary appointment or
6 nominating a trustee holding office on the day before the
7 effective date of this amendatory Act of the 96th General
8 Assembly.

9 (d) Beginning on the 90th day after the effective date of
10 this amendatory Act of the 96th General Assembly, the Board of
11 Trustees shall be constituted as follows:

12 (1) The Chairperson of the Board of Higher Education,
13 who shall act as president ~~chairperson~~ of this Board.

14 (2) Four trustees appointed by the Governor with the
15 advice and consent of the Senate who may not be members of
16 the system or hold an elective State office and who shall
17 serve for a term of 6 years, except that the terms of the
18 initial appointees under this subsection (d) shall be as
19 follows: 2 for a term of 3 years, expiring on June 30, 2012
20 and 2 for a term of 6 years, expiring on June 30, 2015.

21 (3) Four active participants of the system to be
22 elected from the contributing membership of the system by
23 the contributing members, no more than 2 of which may be
24 from any of the University of Illinois campuses, who shall
25 serve for a term of 6 years, except that the terms of the
26 initial electees shall be as follows: 2 for a term of 3

1 years and 2 for a term of 6 years.

2 (4) Two annuitants of the system who have been
3 annuitants for at least one full year, to be elected from
4 and by the annuitants of the system, no more than one of
5 which may be from any of the University of Illinois
6 campuses, who shall serve for a term of 6 years, except
7 that the terms of the initial electees shall be as follows:
8 one for a term of 3 years and one for a term of 6 years.

9 For the purposes of this Section, the Governor may make a
10 nomination and the Senate may confirm the nominee in advance of
11 the commencement of the nominee's term of office.

12 (e) The 6 elected trustees shall be elected within 90 days
13 after the effective date of this amendatory Act of the 96th
14 General Assembly for a term beginning on the 90th day after the
15 effective date of this amendatory Act. Trustees shall be
16 elected thereafter as terms expire for a 6-year term beginning
17 July 1 ~~15~~ next following their election, and such election
18 shall be concluded ~~held~~ on May 1, or on May 2 when May 1 falls
19 on a Sunday. The board may establish rules for the election of
20 trustees to implement the provisions of this amendatory Act of
21 the 96th General Assembly and for future elections. Candidates
22 for the participating trustee shall be nominated by petitions
23 in writing, signed by not less than 400 participants with their
24 addresses shown opposite their names. Candidates for the
25 annuitant trustee shall be nominated by petitions in writing,
26 signed by not less than 100 annuitants with their addresses

1 shown opposite their names. If there is more than one qualified
2 nominee for each elected trustee position, then the board shall
3 conduct a secret ballot election ~~by mail~~ for that trustee, in
4 accordance with rules as established by the board. If there is
5 only one qualified person nominated by petition for each
6 elected trustee position, then the election as required by this
7 Section shall not be conducted for that trustee and the board
8 shall declare such nominee duly elected. A vacancy occurring in
9 the elective membership of the board shall be filled with a
10 qualified person for the remainder of the unexpired term by the
11 elected trustees serving on the board ~~for the remainder of the~~
12 ~~term~~.

13 (f) A vacancy occurring in the appointed membership of ~~on~~
14 the board of trustees caused by resignation, death, expiration
15 of term of office, or other reason shall be filled by a
16 qualified person appointed by the Governor for the remainder of
17 the unexpired term.

18 (g) Trustees (other than the trustees incumbent on June 30,
19 1995 or as provided in subsection (c) of this Section) shall
20 continue in office until their respective successors are
21 appointed and have qualified, except that a trustee appointed
22 to one of the participant positions shall be disqualified
23 immediately upon the termination of his or her status as a
24 participant and a trustee appointed to one of the annuitant
25 positions shall be disqualified immediately upon the
26 termination of his or her status as an annuitant receiving a

1 retirement annuity.

2 (h) Each trustee must take an oath of office before a
3 notary public of this State and shall qualify as a trustee upon
4 the presentation to the board of a certified copy of the oath.
5 The oath must state that the person will diligently and
6 honestly administer the affairs of the retirement system, and
7 will not knowingly violate or wilfully permit to be violated
8 any provisions of this Article.

9 Each trustee shall serve without compensation but shall be
10 reimbursed for expenses necessarily incurred in attending
11 board meetings and carrying out his or her duties as a trustee
12 or officer of the system.

13 (i) This amendatory Act of 1995 is intended to supersede
14 the changes made to this Section by Public Act 89-4.

15 (Source: P.A. 96-6, eff. 4-3-09; revised 4-14-09.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.".