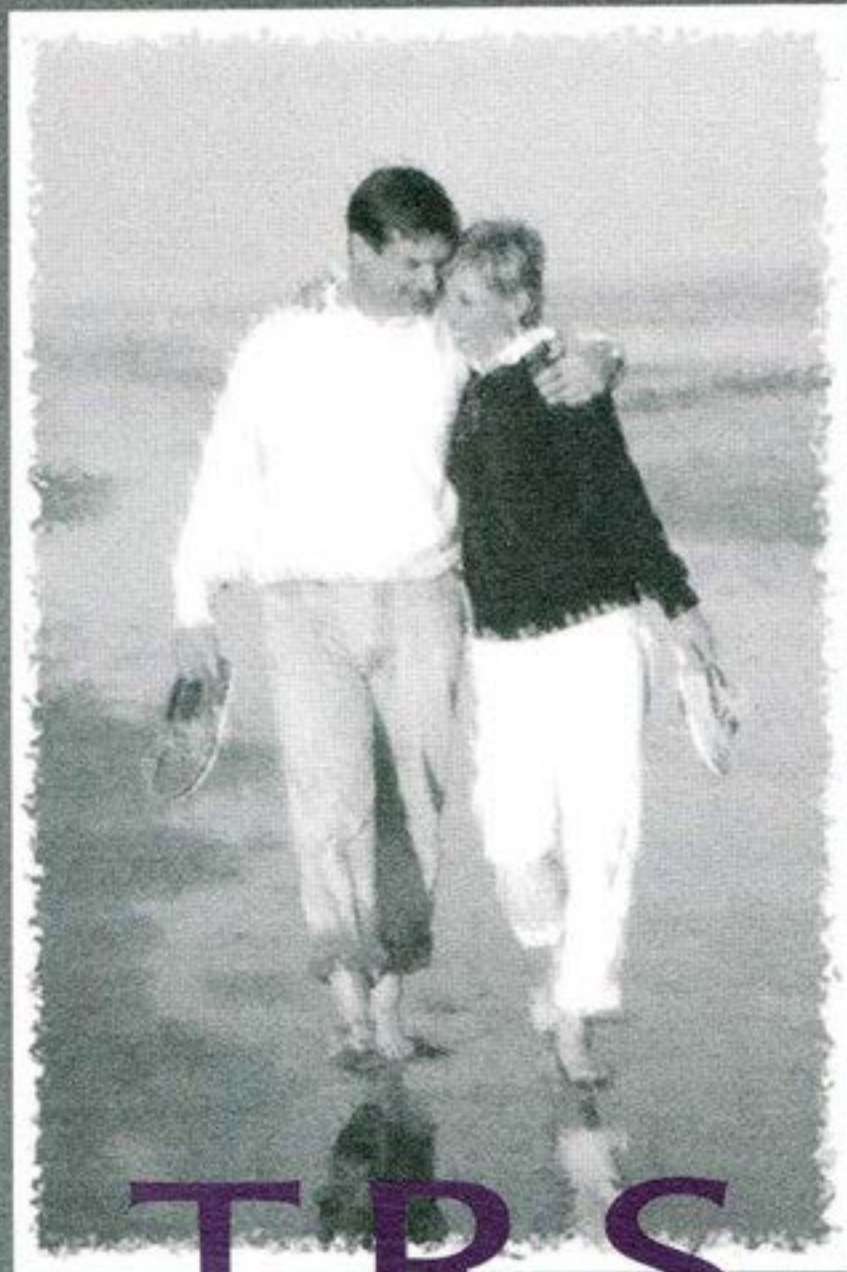


Comprehensive Annual

for Fiscal Year Ended June 30, 1999

Financial Report



TRS

Teachers' Retirement System of the State of Illinois
a component unit of the State of Illinois

Mission Statement

The Teachers' Retirement System of the State of Illinois is committed to protect retirement funds, to administer benefits, and to provide quality service to our members.

Fiscal Year Highlights

	1999	1998
Active contributing members	142,186	137,320
Inactive noncontributing members	52,575	47,228
Benefit recipients	<u>60,308</u>	<u>59,150</u>
Total membership	255,069	243,698
Actuarial accrued liability (AAL)	\$33,205,513,000	\$29,908,241,000
Less net assets held in trust for pension benefits	<u>\$22,237,709,000</u>	<u>\$19,965,887,000</u>
Unfunded actuarial accrued liability (UAAL) (actuarial value of assets/AAL)	\$10,967,804,000	\$9,942,354,000
Funded ratio	67.0%	66.8%
Total fund investment return	10.8%	16.6%
<u>Benefits and refunds paid</u>		
Benefits paid	\$1,284,126,616	\$1,209,957,247
Refunds paid	<u>\$25,858,851</u>	<u>\$24,371,777</u>
Total	\$1,309,985,467	\$1,234,329,024
<u>Income</u>		
Member contributions	\$866,375,866 *	\$441,016,391
Employer contributions (includes State of Illinois contributions)	\$636,595,933	\$502,933,797
Investment income	<u>\$2,089,660,969</u>	<u>\$2,873,101,467</u>
Total	\$3,592,632,768	\$3,817,051,655

*Includes member payments and accounts receivable under the Payroll Deduction Program.



***Teachers' Retirement System of the State of Illinois
Comprehensive Annual Financial Report
for the fiscal year ended June 30, 1999***

Created through the cooperative efforts of TRS staff.

Teachers' Retirement System of the State of Illinois
P.O. Box 19253, 2815 West Washington
Springfield, Illinois 62794-9253



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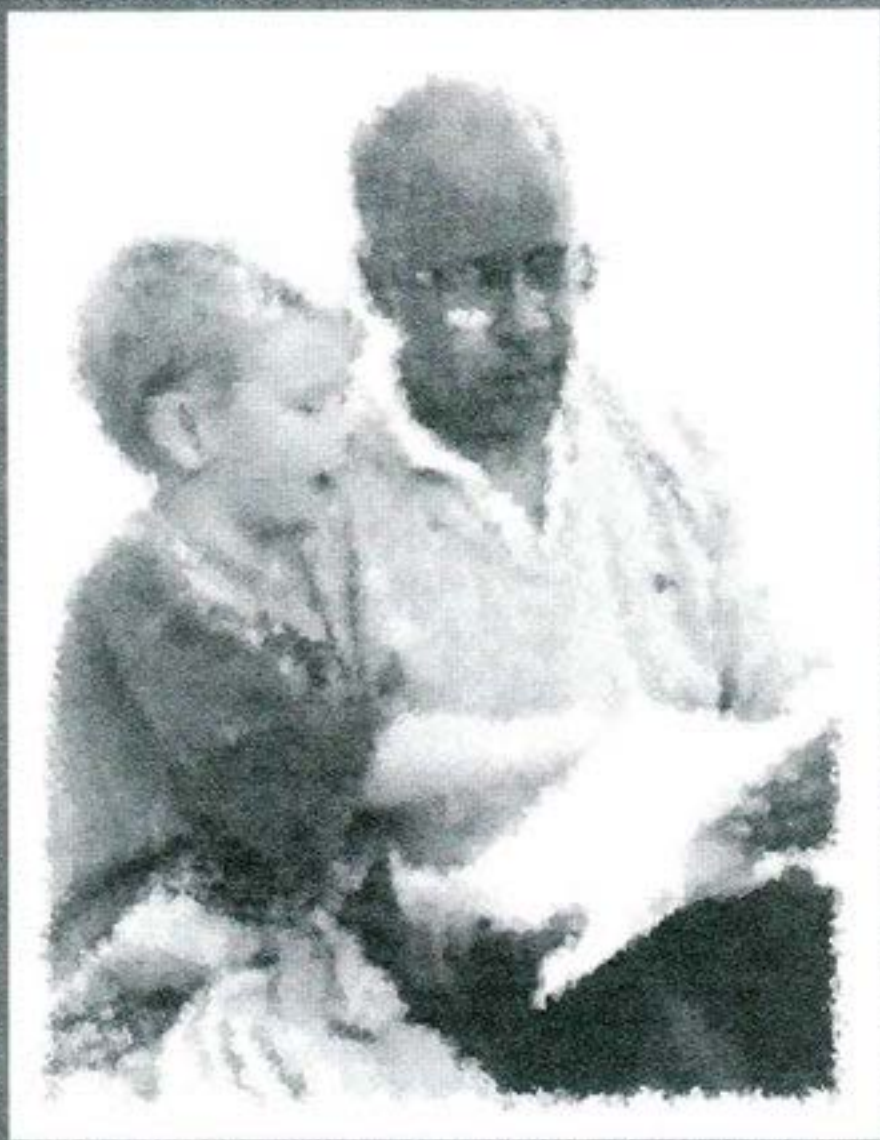
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Introductory



Section

Certificate of Achievement
Letter of Transmittal
Executive Director's Letter
Board of Trustees
Organizational Structure
Consulting and Professional Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement
System of the
State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Cary Brubaker
President

Jeffrey L. Esall
Executive Director



Teachers' Retirement System of the State of Illinois

P. O. Box 19253, 2815 West Washington
Springfield, Illinois 62794-9253

Keith Bozarth
Executive Director
(800) 877-7896
(217) 753-0311
TDD (217) 753-0329

Letter of Transmittal

December 1, 1999

Board of Trustees
Teachers' Retirement System
2815 West Washington, P.O. Box 19253
Springfield, IL 62794-9253

I am pleased to present the Comprehensive Annual Financial Report for the Teachers' Retirement System of the State of Illinois (TRS) for the fiscal year ended June 30, 1999. TRS' management and staff are responsible for the accuracy and completeness of this report and for ensuring that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of TRS as of June 30, 1999.

This report consists of five sections:

- the Introductory Section contains this letter of transmittal, identification of the TRS Board of Trustees and organizational structure, a report from our executive director that outlines the major activities of the past year and plans for the future, the Certificate of Achievement for Excellence in Financial Reporting, and consulting and professional service providers.
- the Financial Section contains the independent auditors' report, the financial statements and related notes, and required supplemental schedules.

- the Investment Section contains information detailing fund performance, investment managers, and the fund's portfolio.
- the Actuarial Section contains the actuary's letter of certification, results of the latest actuarial valuation, and a plan summary including any changes in the plan.
- the Statistical Section contains information and statistical data pertaining to members and annuitants and historical data on revenue and expenses.

Financial Information

A system of internal controls helps TRS to monitor and safeguard assets and promote efficient operations. An annual external audit is conducted by the Illinois Auditor General in addition to regular reviews by our Internal Auditor. The annual operating budget is evaluated and approved by the Board of Trustees, and financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB).

Board of Trustees

Glenn W. McGee - President
Springfield

James Bruner
Vice President
Jacksonville

Jan Cleveland
Carmi

William R. Enlow
Springfield

Scott Eshelman
Algonquin

Sharon Leggett
Evanston

Marilyn Oglesby
Charleston

Cynthia O'Neill
Carlyle

Molly Phalen
Rockford

Printed by the authority of the State of Illinois using recycled paper — TRS is an AA, EEO, ADA employer.

Revenues and Funding

Sources of funding TRS include member contributions, investment income, and employer contributions through state appropriations and payments by school districts. At June 30, 1999, total assets available to pay benefits grew to \$22.2 billion.

One source of funding is contributions from 142,186 active members who contributed 9 percent of their earnings through June 30, 1999. Members may also make contributions to purchase optional service credit, to upgrade their pre-July 1998 service credit to the 2.2 percent benefit formula, and for the Early Retirement Option (ERO). In FY99, member contribution revenue totaled \$866 million, a \$425 million

increase from the previous year. The increase is a result of approximately 37,000 irrevocable Payroll Deduction Program agreements entered into by members to pay for their 2.2 upgrade cost and to purchase optional service credit. The increase is also attributed to an increase in the member contribution rate from 8 percent to 9 percent. Net investment income decreased \$783 million to \$2,090 million, a 10.8 percent return for the year.

Appropriations from the State of Illinois and employer contributions make up a third funding source. State appropriations for FY99 increased \$106 million to \$573 million while contributions from employers increased to \$64 million.

REVENUES (\$ millions)

Source	1999	1998	Increase/(Decrease)	
			Amount	% Change
Member contributions	\$866	\$441	\$425	96.4%
State of Illinois	573	467	106	22.7
Employer contributions	64	36	28	77.8
Net investment income	2,090	2,873	(783)	(27.3)
Total	\$3,593	\$3,817	(\$224)	(5.9%)

Expenses

Expenses include payments of benefits, refunds, and administrative expenses. Benefits payments increased from \$1,210 million to \$1,284 million in FY99. This 6.1 percent increase is the result of an increase in the number of members who retired

during FY99, retirements using the 2.2 percent benefit formula, and annual increases in annuities as prescribed by law. Administrative expenses continued to constitute less than 1 percent of TRS expenses in FY99.

EXPENSES (\$ millions)

Source	1999	1998	Increase/(Decrease)	
			Amount	% Change
Benefits payments	\$1,284	\$1,210	\$74	6.1%
Refunds	26	24	2	8.3
Administrative/Other	11	10	1	10.0
Total	\$1,321	\$1,244	\$77	6.2%

Independent Audit

Each year TRS' financial statements, records, and internal controls are examined by special assistant auditors employed by the Illinois Auditor General. In addition, an annual compliance audit for the previous year is performed to review compliance with applicable statutes and codes. The independent auditors' report on TRS' financial statements is included in the Financial Section of this report.

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TRS for its comprehensive annual financial report for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid only for one year. TRS has received a Certificate of Achievement for the last 10 years. We believe our current report continues

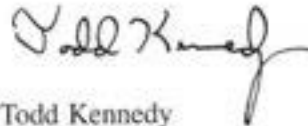
to meet the Certificate of Achievement program requirements and are submitting it to the GFOA for consideration again this year.

Acknowledgments

Information for this report was gathered by and reflects the combined efforts of TRS staff under the leadership of the Board of Trustees and the Executive Director. It is intended to provide complete and reliable information as a basis for making management decisions, to determine our compliance with legal provisions, and as a means for determining responsible stewardship of the assets contributed by members and their employers.

This report is provided to members of the General Assembly, all participating employers, and to others by request. The participating employers of TRS form the link between TRS and its members. Their cooperation, for which we are grateful, contributes significantly to our success. We hope this report is both informative and helpful.

Respectfully submitted,



Todd Kennedy
Controller



Teachers' Retirement System of the State of Illinois

P. O. Box 19253, 2815 West Washington
Springfield, Illinois 62794-9253

Keith Bozarth
Executive Director
(800) 877-7896
(217) 753-0311
TDD (217) 753-0329

Executive Director's Letter



Dear Members, Annuitants, and Beneficiaries:

Having completed my first year at TRS, I am pleased to report that we have made significant progress in several key areas including technology, legislation implementation, and investments. Each of these areas in turn contributes to making TRS a better retirement system.

Telecommunications

As part of our continuing effort to improve communications, we upgraded our telecommunications system and hired additional Member Service Representatives to assist callers. The new system has an automatic call distribution

feature that expanded our capacity to receive and route calls. We are in the process of adding a new toll-free, 24-hour Forms Order Line through which members may order forms or other information from their telephones. We will continue to refine our use of this technology in the year ahead.

Web Site

Our Web site continues to grow. In addition to several new or updated publications, we have added a "What's New" page and are in the process of adding downloadable forms to the site. As more of our members gain access to the Internet and become more comfortable with this tool, we will continue to build on our Web site.

Year 2000 Readiness

We are pleased to report that the "mission-critical" processes used to maintain TRS member data and prepare monthly benefit checks have been successfully tested. In addition, staff will be available over the New Year's weekend to ensure that computer systems are functioning properly when business resumes the following week.

TRS 2000

A complete workflow and computer system reengineering project, TRS 2000 will provide computer support to staff for enhanced member and employer processes. To date, we have completed upgrades to computer hardware, communications wiring, and the system operating software and are in the process of upgrading the system applications software. The project is scheduled to be completed July 1, 2001.

Implementation of 2.2 Legislation

Last year's 2.2 legislation substantially improved retirement benefits for our members by changing the retirement formula from a four-step, graduated formula to a flat 2.2 percent for each year of creditable service. It decreased the number of years of service that members needed to receive full retirement benefits (75 percent of final salary) from 38 to 34 years.

Board of Trustees

Glenn W. McGee - President
Springfield

Jan Cleveland
Carmi

Scott Eshelman
Algonquin

Marilyn Oglesby
Charleston

Molly Phalen
Rockford

James Bruner
Vice President
Jacksonville

William R. Enlow
Springfield

Sharon Leggett
Evanston

Cynthia O'Neill
Carlyle

Printed by the authority of the State of Illinois using recycled paper — TRS is an AA, EEO, ADA employer.

The enormous response to the 2.2 benefit formula had a dramatic impact on every area of TRS. We conducted 67 statewide meetings with more than 18,300 members. We also conducted several statewide meetings with TRS-covered employers. To date 69,933 members have requested upgrade applications with 50,921 electing to upgrade their pre-July 1998 service. In addition, 42,201 2.2 payroll deduction agreements were prepared and sent to members.

Legislative Changes

During the 1999 legislative session, the General Assembly made several changes that benefit TRS members, annuitants, and employers. Among those changes were:

- an extension of the Early Retirement Option (ERO) to June 30, 2005.
- an elimination of the employer ERO contribution for members who have at least 34 years of service.
- an authorization for TRS to pay benefits when the member ERO contribution has been received, even though the employer ERO contribution may be outstanding.
- improvements to the annuitant health insurance benefits beginning July 1, 2000. The improvements include reductions in the Teachers' Choice Health Plan (TCHP) major medical annual plan deductible and out-of-pocket maximum, a reduction in the Managed Care Plan inpatient co-payment, and enhancements in the TCHP Medicare coordination of benefits.
- a reduction in costs for upgrading to the 2.2 benefit formula for members who have 34 years of service.
- a correction in the accrual rate for certain members who do not wish to upgrade pre-July 1998 service to the 2.2 benefit formula.

Investment Program

In December 1998 Independent Fiduciary Services presented a report to the Board of Trustees outlining a broad range of recommendations intended to improve the structure and efficiency of TRS' investment program. After careful review and consideration, we set in motion an implementation plan designed to ensure that all aspects of the investment portfolio meet the highest of standards. As of August 31, 1999, implementation was complete on 28 percent of the recommendations and underway or ongoing on another 10 percent. We anticipate that 74 percent of the recommendations will be implemented by the end of the calendar year. The remaining items are scheduled for either review or completion during calendar years 2000 and 2001.

In March 1999, as a result of a competitive search process, the Board of Trustees hired a new general investment consultant, Strategic Investment Solutions (SIS), based in San Francisco. With SIS' help, we conducted an asset/liability study to determine the most efficient manner in which to allocate the fund's assets. In July 1999, upon completion of the study, the Board of Trustees adopted new asset allocation targets for TRS.

Currently, we, in conjunction with SIS, are working on a plan to move the fund from its current asset mix to the new targets. The objective is to structure a sound investment portfolio that is best suited to our future funding needs. This will result in a portfolio that is efficient and cost effective with adequate risk controls. As part of this process, each of our external investment manager relationships will be reviewed. A likely outcome of this review process will be a reduction in the number of external investment managers with attendant efficiencies and cost savings.

These accomplishments demonstrate our commitment to delivering quality service to our members. Our dedication to this goal will continue into the next century.

Sincerely,



Keith Bozarth
Executive Director

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Sincerely,



Keith Bozarth
Executive Director

Board of Trustees

Glenn W. McGee

President

- Springfield



Sharon Leggett

- Evanston
- July 15, 1999 – July 14, 2003



James Bruner

Vice President

- Jacksonville
- July 15, 1998 – July 14, 2002



Marilyn Oglesby

- Charleston
- July 15, 1996 – July 14, 2000



Jan Cleveland

- Carmi
- July 15, 1997 – July 14, 2001



Cynthia O'Neill

- Carlyle
- July 15, 1999 – July 14, 2003



William R. Enlow

- Springfield
- July 15, 1998 – July 14, 2002



Molly Phalen

- Rockford
- July 15, 1997 – July 14, 2001



Scott Eshelman

- Algonquin
- July 15, 1999 – July 14, 2003



Hugh Brown Anne Davis Roman Miller

Thank You

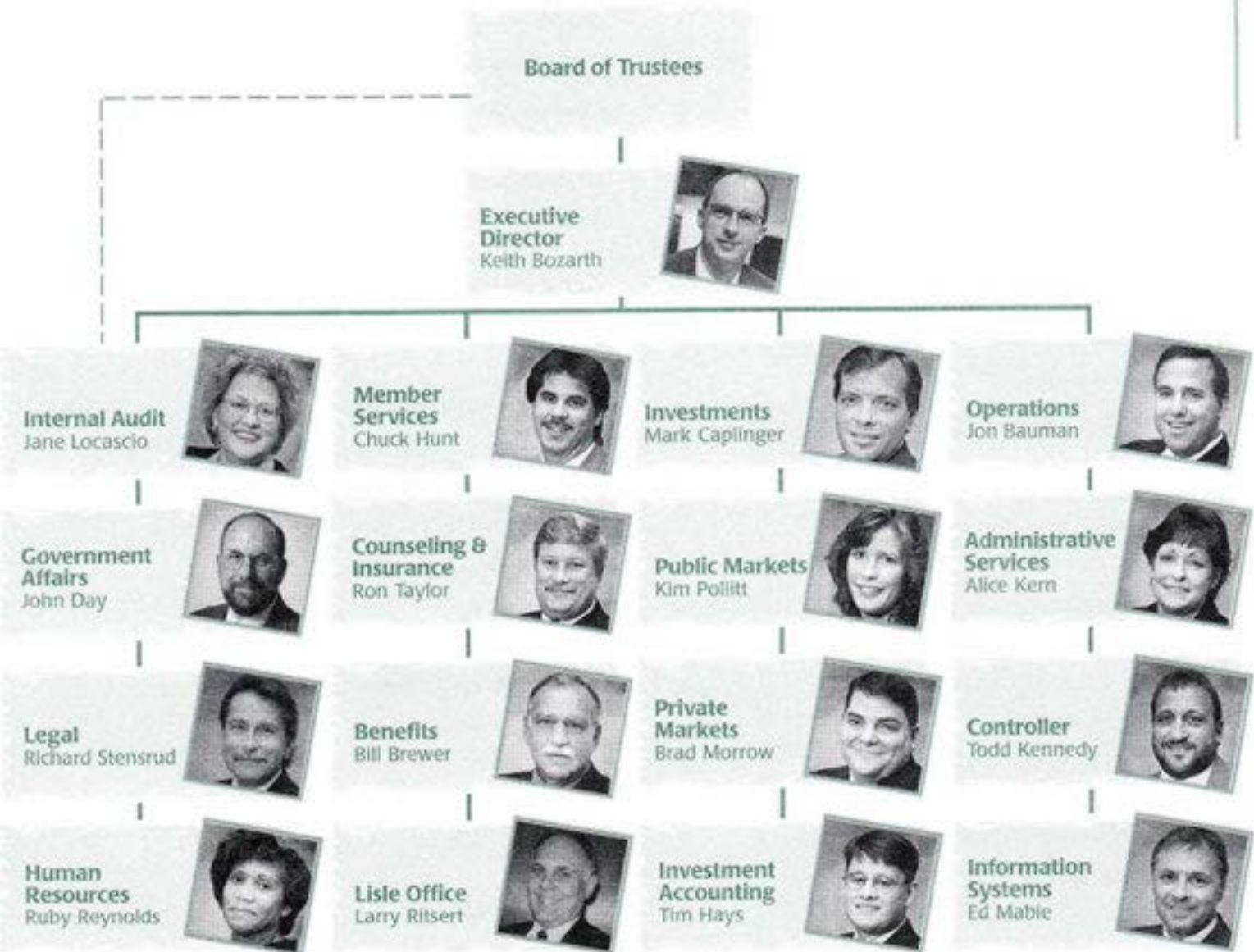
*For your dedicated service
to the teachers of the State of Illinois*

Hugh Brown: July 15, 1987–July 14, 1999

Anne Davis: July 15, 1977–July 14, 1999

Roman Miller: July 15, 1996–October 19, 1999

Organizational Structure



Consulting and Professional Services

Actuary

Buck Consultants, Inc.

Chicago, Illinois

External Auditors

as special assistants to the Office of the Auditor General

Friedman Eisenstein Raemer and Schwartz, LLP

Chicago, Illinois

Information Systems

Dooley Associates, Inc.

Philadelphia, Pennsylvania

Grant Thornton LLP

St. Louis, Missouri

Information Management Group, Inc.

Chicago, Illinois

MCW Technologies

Seattle, Washington

Metamor Information Technology

Springfield, Illinois

Investment Consultants

(Investment Management Firms are listed on pages 35 and 36.)

Callan Associates, Inc.

Chicago, Illinois

JW Flynn Company

Indianapolis, Indiana

Joseph J. Blake and Associates, Inc.

Chicago, Illinois

Strategic Investment Solutions, Inc.

San Francisco, California

Legal Counsel

Conner & Winters

Washington, DC

Grant, Hanley & Genovese

Irvine, California

Loewenstein, Hagen & Oehlert & Smith

Springfield, Illinois

Rudnick & Wolfe

Chicago, Illinois

Master Trustee

The Northern Trust Company

Chicago, Illinois

Financial

Section



- Independent Auditors' Report**
- Statement of Plan Net Assets**
- Statement of Changes in Plan Net Assets**
- Notes to Financial Statements**
- Required Supplementary Information**
- Notes to Required Supplementary Information**
- Other Supplementary Information**

FERS

FRIEDMAN EISENSTEIN
RAEMER AND SCHWARTZ, LLP

401 North Michigan Avenue
Chicago, Illinois 60611-4240 312.644.6000 fax 312.644.4423

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Board of Trustees
Teachers' Retirement System of
the State of Illinois

As Special Assistant Auditors of the Auditor General, we have audited the accompanying statement of plan net assets of the Teachers' Retirement System of the State of Illinois (the System), a component unit of the State of Illinois, as of June 30, 1999, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the System, as of June 30, 1998, were audited by other auditors whose report, dated October 22, 1998, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1999 financial statements referred to above present fairly, in all material respects, the plan net assets of the Teachers' Retirement System of the State of Illinois as of June 30, 1999, and the changes in plan net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 1999 on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

BUSINESS AND PERSONAL CONSULTANTS/CERTIFIED PUBLIC ACCOUNTANTS
A MEMBER OF MOORES ROWLAND INTERNATIONAL

FERS

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as other supplementary information in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the System. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The required supplementary information listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the System is or will become year 2000 compliant, that the System's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the System does business are or will become year 2000 compliant.

The introductory, investment, actuarial and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

Friedman Eisenstein Raener and Schwartz, LLP

October 27, 1999

**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENT OF PLAN NET ASSETS AS OF JUNE 30, 1999, AND 1998**

	1999	1998
ASSETS		
Cash	<u>\$2,756,183</u>	<u>\$1,129,919</u>
Receivables and prepaid expenses		
Member payroll deduction	260,963,782	0
Member contributions	31,749,100	24,942,685
Employer Early Retirement Incentive	17,007,562	101,895,171
Employer contributions	4,187,757	2,405,037
State of Illinois	0	512,643
Investment income	222,342,888	234,214,755
Prepaid expenses	<u>449,650</u>	<u>637,835</u>
Total receivables and prepaid expenses	<u>536,700,739</u>	<u>364,608,126</u>
Investments, at fair value		
Fixed income	9,052,552,366	8,185,927,037
Equities	10,255,950,172	8,548,058,878
Real estate	2,500,511,322	2,465,432,457
Short-term investments	609,197,593	1,080,937,284
Alternative investments	596,456,656	458,118,826
Foreign currency	<u>39,166,266</u>	<u>9,969,850</u>
Total investments	<u>23,053,834,375</u>	<u>20,748,444,332</u>
Collateral from securities lending	<u>1,418,345,349</u>	<u>1,841,099,038</u>
Property and equipment, at cost, net of accumulated depreciation of \$5,525,309 and \$5,373,476 in 1999 and 1998, respectively	<u>3,339,675</u>	<u>3,184,221</u>
Total assets	<u>25,014,976,321</u>	<u>22,958,465,636</u>
LIABILITIES		
Benefits and refunds payable	3,432,999	1,860,386
Notes payable	0	24,395,976
Administrative and investment expenses payable	87,060,219	84,345,938
Payable to brokers for unsettled trades, net	1,268,428,755	1,040,876,893
Securities lending transactions	<u>1,418,345,349</u>	<u>1,841,099,038</u>
Total liabilities	<u>2,777,267,322</u>	<u>2,992,578,231</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented on page 28.)	<u>\$22,237,708,999</u>	<u>\$19,965,887,405</u>

The accompanying notes are an integral part of these statements.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENT OF CHANGES IN PLAN NET ASSETS
YEARS ENDED JUNE 30, 1999, AND 1998

	1999	1998
ADDITIONS		
Contributions		
Members	\$866,375,866	\$441,016,391
State of Illinois	572,950,673	466,948,418
Employers		
Early retirement	27,110,341	18,739,114
Federal funds	19,844,329	17,246,265
2.2 benefit formula	<u>16,690,590</u>	<u>0</u>
Total contributions	<u>1,502,971,799</u>	<u>943,950,188</u>
Investment income		
Net appreciation in fair value	1,249,234,042	2,054,735,011
Interest	557,162,549	503,858,514
Real estate operating income, net	215,826,235	211,425,748
Dividends	129,304,570	125,883,126
Alternative investment income	6,152,976	42,020,785
Securities lending income	109,266,864	111,035,697
Other investment income	<u>1,669,537</u>	<u>2,045,131</u>
	2,268,616,773	3,051,004,012
Less investment expense		
Securities lending expense	98,364,242	102,164,084
Investment activity expenses	<u>80,591,562</u>	<u>75,738,461</u>
Net investment income	<u>2,089,660,969</u>	<u>2,873,101,467</u>
Total additions	<u>3,592,632,768</u>	<u>3,817,051,655</u>
DEDUCTIONS		
Retirement benefits	1,205,864,868	1,138,530,246
Survivor benefits	63,585,582	57,995,971
Disability benefits	14,676,166	13,431,030
Refunds	25,858,851	24,371,777
Administrative expenses	10,680,094	9,761,310
Prior service credits and transfers	<u>145,613</u>	<u>181,831</u>
Total deductions	<u>1,320,811,174</u>	<u>1,244,272,165</u>
NET INCREASE	2,271,821,594	2,572,779,490
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	<u>19,965,887,405</u>	<u>17,393,107,915</u>
End of year	<u>\$22,237,708,999</u>	<u>\$19,965,887,405</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

A. Plan Description

1. Reporting Entity

The Teachers' Retirement System of the State of Illinois (TRS) is the administrator of a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). Membership is mandatory for all full-time, part-time, and substitute public school personnel employed outside of Chicago in positions requiring certification. Persons employed at certain state agencies are also members. Established by the State of Illinois, TRS is governed by the Illinois Pension Code (40 ILCS 5/16). TRS is a component unit of the State of Illinois and is included in the state's financial statements as a pension trust fund.

TRS uses criteria established by the Governmental Accounting Standards Board (GASB) to determine whether other entities should be included within its financial reporting entity. Based on the criteria, TRS has no other entities included in these financial statements.

2. Employers

Members of TRS are employed by school districts, special districts, and certain state agencies. Each employer remits member contributions to TRS. Employers are responsible for employer contributions for teachers paid from federal funds and for the employer's portion of the Early Retirement Option and the Early Retirement Incentive contributions. Effective July 1, 1998, Public Act 90-582 required employers to pay a new employer contribution equal to .3 percent of covered payroll in FY99 and .58 percent of covered payroll in FY00 and subsequent years. In addition, the State of Illinois provides

NUMBER OF EMPLOYERS at June 30, 1999, and 1998

	1999	1998
Local school districts	894	898
Special districts	134	129
State agencies	32	33
Total	1,060	1,060

employer contributions. For information about employer contributions made by the State of Illinois, see "Funding."

3. Members

TRS MEMBERSHIP at June 30, 1999, and 1998

	1999	1998
Retirees and beneficiaries receiving benefits	60,308	59,150
Inactive members entitled to but not yet receiving benefits	52,575	47,228
Active members	142,186	137,320
Total	255,069	243,698

4. Benefit Provisions

Governed by the Illinois Pension Code (40 ILCS 5/16), TRS provides retirement, death, and disability benefits. A member qualifies for an age retirement annuity after meeting one of the following requirements: age 62 with five years of service credit; age 60 with 10 years; or age 55 with 20 years. If a member retires between the ages of 55 and 60 with fewer than 35 years of service, the annuity will be reduced at the rate of $\frac{1}{2}$ percent for each month the member is under age 60. A member who is age 55 and has fewer than 35 years of service credit may use the Early Retirement Option (ERO) to avoid a discount for early retirement if retirement occurs before July 1, 2005, and within six months of the last day of service requiring contributions, and if the member and employer both make a one-time contribution to TRS. However, both member and employer contributions are waived with 34 years of service. A member with fewer than five years of creditable service and service on or after July 1, 1947, is entitled to a single-sum benefit payable once he or she reaches age 65.

A retirement benefit is determined by the average salary of the four highest consecutive salary rates within the last 10 years of creditable service and the percentage of average salary to which the member is

entitled. This percentage is determined by the following formula for service earned before July 1, 1998: 1.67 percent for each of the first 10 years, plus 1.9 percent for each of the next 10 years, plus 2.1 percent for each of the next 10 years, plus 2.3 percent for each year over 30 years. The maximum retirement benefit, 75 percent of average salary, is achieved with 38 years of service under the graduated formula.

On May 27, 1998, former Governor Jim Edgar signed into law Public Act 90-582 which improved retirement benefits for TRS members. Public Act 90-582 changed the rate at which TRS members accrue benefits beginning July 1, 1998, from a graduated rate to a flat rate equal to 2.2 percent of final average salary. Members may attain the maximum 75 percent benefit with 34 years of service under the 2.2 benefit formula. Members retiring on or after the effective date have the option of upgrading their service earned prior to July 1, 1998, to the flat 2.2 percent formula by making a payment to TRS. Additionally, for members who continue to teach, every three full years worked after July 1, 1998, count toward a full one-year reduction of the years to be upgraded.

A money purchase (actuarial) benefit is payable if it results in a higher annuity than either the graduated or 2.2 formula. The 75 percent cap does not apply to the money purchase benefit.

Each annuitant who retired after 1969 or made a qualifying contribution receives an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or January 1 following the first anniversary in retirement, whichever is later.

If a member leaves covered employment, TRS will refund a member's retirement contributions upon request. The refund consists of actual contributions, excluding the 1 percent death benefit contribution.

5. Funding

Effective July 1, 1998, member contributions increased from 8 percent to 9 percent of salary. These contributions are allocated as follows: 7½ percent for retirement, ½ percent for post-retirement increases, and 1 percent for death benefits.

Employer contributions are made by or on behalf of the employers from several sources. The State of

Illinois provides a large source of contributions through state appropriations from the Common School Fund. Additional sources of state contributions are the State Pensions Fund and contributions from the General Revenue Fund from which reimbursements are made to TRS for certain minimum and supplemental benefits. Effective July 1, 1998, the state began making contributions for the 2.2 benefit formula. Employers also make contributions for the 2.2 benefit formula and for teachers who are paid from federal funds. Additionally, employers contribute their portion of the cost of the Early Retirement Option as well as the Early Retirement Incentive. Employer Early Retirement Incentive contributions could be made in either a lump sum, over five years in equal quarterly installments, or under a different schedule approved by the TRS Board of Trustees. Employee contributions were paid in full during FY98 while employer contributions will be paid in full during FY01.

The actuarial funding requirements for FY99 and FY98 were determined under Public Acts 90-582 and 88-593, respectively. State funding law provides for a 50-year funding plan that includes a 15-year, phase-in period. Employer contributions, as a percentage of active member payroll, will be gradually increased until FY10 and remain at a level percentage for the following 35 years. TRS' funded ratio will be 90 percent at the end of the 50-year period. Beginning July 1, 1995, state contributions have been made through a continuing appropriation instead of through the appropriations process.

Administrative expenses are budgeted and approved by the TRS Board of Trustees. Funding for these expenses is included in the employer contribution, as determined by the annual actuarial valuation.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

TRS' financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized as expenditures when they are due and payable in accordance with the terms of the plan.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting period. Actual results could differ from those estimates.

3. Method Used to Value Investments

TRS reports investments at fair value. Fair value for equities is determined by using the closing price listed on national and over-the-counter securities exchanges as of June 30. Fair value for fixed income securities is determined principally by using quoted market prices provided by independent pricing services. Fair value for real estate investments is determined by appraisals.

4. Property and Equipment

Equipment is stated on the basis of historical cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. Office furniture and equipment are assigned a useful life of 3 to 10 years while vehicles are assigned a 5-year life. TRS' office building is depreciated over 40 years.

5. Accrued Compensated Absences

When they terminate employment, TRS employees are entitled to receive compensation for all accrued but unused vacation time and one-half of all unused sick leave earned through December 31, 1997. (Lump-sum payments for sick leave earned prior to January 1, 1984, are subject to a maximum of 60 days or 420 hours.) Accrued compensated absences as of June 30, 1999, and 1998 totaled \$1,363,979 and \$1,284,507, respectively, and are included as administrative and investment expenses payable.

6. Receivables

Receivables consist primarily of 1) member and employer contributions owed and yet to be remitted by the employing districts as of June 30 and 2) interest and dividends owed to TRS as of June 30.

TRS is allowed by law to assess penalties for late payment of contributions and to collect any unpaid

amounts from the employing districts by filing a claim with the regional superintendent of education or the Office of the Comptroller against future state aid payments to the employer. TRS considers these amounts to be fully collectible.

Effective July 1, 1998, members may enter into Payroll Deduction Program agreements with their employers to pay for their optional service balances, to repay refunds previously taken from TRS, or to pay for their 2.2 formula upgrade balances. Terms and conditions of the agreements are:

- A member must be employed full time.
- The agreement is irrevocable and can be terminated only upon full payment of the member's balance or upon the member's death, disability, retirement, or termination of employment.
- The amount deducted must be a minimum of \$50 per month and cannot be changed during the term of the agreement.
- Agreements may begin at the beginning of each calendar year quarter.
- The member may not make direct payments to TRS to reduce the balance under which an agreement has been entered.

If the agreement is to pay for a 2.2 formula upgrade balance, the maximum length of the agreement is 60 months. As of June 30, 1999, TRS had outstanding balances in payroll deduction agreements totalling \$260,963,782.

7. Prior Period Reclassification

Certain prior year amounts have been reclassified on a basis consistent with the current year presentation.

C. Cash

The bank balance and carrying amount of TRS' deposits were \$2,009,601 and \$2,756,183 at June 30, 1999, and \$1,641,591 and \$1,129,919 at June 30, 1998. Of the bank balance, \$267,556 and \$708,169 were on deposit with the state treasurer at June 30, 1999, and 1998, respectively. Bank balances are either insured or collateralized with securities held by the state treasurer or agents in the name of the state treasurer or are collateralized with securities held by TRS or its agents in the name of TRS. Cash equivalents are classified as short-term investments in the Statement of Plan Net Assets.

INVESTMENT SUMMARY

	Fair Value	
	1999	1998
Category 1		
Government obligations	\$3,695,579,739	\$2,329,691,162
Corporate obligations	3,738,355,003	3,842,379,344
Preferred stock	106,705,409	106,840,757
Short-term investments		
Commercial paper (including short-term collateral)	152,167,981	55,000,000
U.S. Treasury bills	115,312,830	76,729,450
Other	61,172,294	125,460,214
Common stock	<u>6,002,376,958</u>	<u>6,560,890,119</u>
	13,871,670,214	13,096,991,046
Not Categorized		
Investments held by broker-dealers under securities loans		
Government obligations	979,581,472	1,494,045,803
Corporate obligations	92,058,150	200,178,490
Common stock	1,019,656,567	1,136,574,928
Real estate equity	2,281,228,514	2,266,385,678
Mutual funds	3,796,740,638	1,211,345,740
Alternative investments		
Limited partnerships	596,456,656	458,118,826
Foreign currency	39,166,266	9,969,850
Collective investment funds (U.S. dollars)	395,857,234	924,873,213
Security lending short-term collateral investment pool	<u>1,399,764,013</u>	<u>1,791,059,796</u>
Investments and collateral from securities lending	24,472,179,724	22,589,543,370
Less collateral from securities lending	<u>(1,418,345,349)</u>	<u>(1,841,099,038)</u>
Total investments*	<u>\$23,053,834,375</u>	<u>\$20,748,444,332</u>

* This total does not include accrued income.

D. Investments

1. Investment Policies

Through the Board of Trustees, as authorized in the Illinois Pension Code, TRS serves as fiduciary for the members' trust funds and is responsible for investment of those funds by authority of the "prudent person rule." This rule establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

2. Investment Summary

The Investment Summary table presents a summary of TRS' investments and related category of custodial

credit risk at June 30, 1999, and 1998. TRS' investments are categorized to give an indication of the level of risk at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by TRS or its agent in the name of TRS. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department in TRS' name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty but not in TRS' name. As of June 30, 1999, and 1998, TRS holds no securities classified in either Category 2 or Category 3.

TRS has nonrecourse mortgages totaling \$298,174,533 and \$299,934,518 on real estate equities at June 30, 1999, and 1998, respectively. The amount reported for real estate equity is net of these mortgages, which mature on various dates through the year 2018.

The real estate equity category includes \$70,314,302 and \$86,767,215 of mortgages receivable which are fully secured by the properties at June 30, 1999, and 1998, respectively.

At June 30, 1999, and 1998, TRS did not have any investments with one organization that exceeded 5 percent of net assets available for benefits.

3. Securities Lending Program

The Board of Trustees' policies permit TRS to use investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. TRS' master trustee is the agent in lending the Plan's domestic securities for cash collateral of 102 percent of the market value of the securities and international securities for cash collateral of 105 percent of the market value of the securities. Securities on loan at year-end are presented as not categorized in the preceding schedule of custodial credit risk. At year-end, TRS has no credit risk exposure to borrowers because the amount TRS owes the borrowers exceeds the amount the borrowers owe TRS. The contract with TRS' lending agent requires the agent to indemnify TRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay TRS for income distributions by the securities issuers while the securities are on loan. All securities loans can be terminated on demand either by TRS or the borrower, although the average term of the loans is 10 days. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 51 days. There were no significant violations of legal or contractual provisions, and there were no borrower or lending agent default losses known to the securities lending agent.

As of June 30, 1999, and 1998, TRS had outstanding loaned investment securities having a market value of \$2,091,296,189 and \$2,830,799,221, respectively, against which it had received collateral of \$2,155,148,880 and \$2,979,211,045, respectively.

Collateral from securities lending reflected on the Statement of Plan Net Assets consists primarily of collateral received in the form of cash.

4. Derivatives

TRS invests in derivative securities. A derivative security is an investment whose return depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the established terms. To eliminate credit risk, derivative securities are generally acquired through a clearinghouse that guarantees delivery and accepts the risk of default by either party.

Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing limits on the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a regular basis to monitor compliance with the limits.

During the year, TRS' derivative investments included foreign currency forward contracts, futures, and options. Derivative contracts are used by experienced investment personnel to implement tactical strategies upon the portfolios in a cost-effective manner. Foreign currency forward contracts are used to hedge against the currency risk in TRS' foreign stock and fixed income security portfolios. The remaining derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, or hedge changes in interest rates.

Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery date or maturity date for an agreed upon price. Fluctuations in the fair value of foreign currency forward contracts are recognized in TRS' financial statements as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

DERIVATIVES CONTRACTS

Type	FY99 No. of Contracts	FY99 Contractual Principal*	FY98 No. of Contracts	FY98 Contractual Principal*
Domestic Interest Rate Products				
Fixed income futures (net)	9,750	\$1,337,972,822	3,972	\$480,712,652
Fixed income written call options	431	5,596,875	250	428,943
Fixed income written put options	2,159	386,368,125	1,000	40,554,817
Fixed income credit spreads	0	0	4	162,000,000
International Interest Rate Products				
International fixed income futures (net)	69	73,680,188	1,542	325,791,565
International fixed income bond put options	4	49,390,000	0	0
Domestic Equity Products				
S&P 500 Index futures (net)	2,727	941,973,975	2,694	769,810,500

*The contractual principal amounts listed above represent the market value of the underlying assets that the derivative contracts control. Contractual principal values do not represent actual values in the Statement of Plan Net Assets.

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. As the market value of the futures contract varies from the original contract price, a gain or a loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, TRS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Accordingly, it is against TRS' policy to invest in any uncovered options. Premiums received are recorded as a liability when the financial option is written. Fluctuations in the fair value of financial options are recognized in TRS' financial statements as incurred rather than at the time the options are exercised or when they expire. As of June 30, 1999, and 1998, the fair value of option contracts written was \$72,622

and \$789,148, respectively. The fair value represents the amount needed to close all positions as of that date.

The Derivatives Contracts table presents the aggregate contractual principal amount of TRS' outstanding contracts at June 30, 1999, and 1998. Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

E. Reserves

TRS maintains statutory reserve accounts in accordance with the provisions of 40 ILCS 5/16-101 *et seq.* In 1997, legislation was passed by the Illinois General Assembly that allowed the crediting of income at fair value, as opposed to book value, to the Employer's Contribution Reserve.

1. Members' Contribution

	1999	1998
Balances at June 30	\$6,620,461,369	\$5,567,842,261

This reserve accumulates, with 6 percent interest, the contributions by members prior to retirement. Contributions were 6½ percent of salary through June 30, 1998, and 7½ percent of salary from July 1, 1998, through June 30, 1999. Contributions are fully refundable upon withdrawal from TRS, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member's balance in the reserve at the beginning of the fiscal year. This reserve is fully funded.

2. Minimum Retirement Annuity

	1999	1998
Balances at June 30	\$2,829,624	\$2,618,918

The minimum annuity is set by law at \$25 per month for each year of creditable service to a maximum of \$750 per month after 30 or more years of creditable service. To qualify, annuitants are required to make a one-time contribution that is credited to the reserve. Interest at 6 percent is credited to the reserve annually based upon the average reserve balance. The State of Illinois also appropriates funds necessary to pay the minimum benefits provided in the legislation. All benefits paid under this program are charged to the reserve. This reserve is fully funded.

3. Supplementary Annuity

	1999	1998
Balances at June 30	\$821,402	\$740,293

In 1961, legislation was enacted to provide for increased annuities to retired members who met certain specified requirements. Annuitants were required to make a one-time contribution, which was credited to this reserve. The State of Illinois also appropriates funds that are credited to the reserve. Interest at 6 percent is credited to the reserve annually based upon the average reserve balance. The annuity expenses resulting from this legislation are charged to the reserve. This reserve is fully funded.

4. Employer's Contribution

	1999	1998
Balances at June 30	\$15,613,596,604	\$14,394,685,933

This reserve serves as a clearing account for TRS income and expenses. The reserve is credited with contributions from the State of Illinois that are not specifically allocated to other reserves, member and employer contributions, income from TRS' invested assets, the interest portion of the accumulated contributions of members who are granted refunds, and contributions from annuitants who qualify for automatic annual increases in annuity. The reserve is charged with amounts necessary to be transferred to the Members' Contribution Reserve, all amounts necessary to be refunded to withdrawing members, all retirement annuity payments except as provided by other reserve accounts, all benefits that are paid to temporarily or accidentally disabled members, all death benefits that are paid, and all survivor benefit contributions that are refunded to annuitants.

This reserve does not equal the present value of expected benefit payments. The additional amount needed (the unfunded actuarial accrued liability) as calculated by the actuary was \$10,967,804,000 in 1999 and \$9,942,354,000 in 1998.

F. TRS Employee Pension Benefits

1. Plan Description

All of TRS' full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which state employees participate, except those who are covered by the State Universities Retirement System, Teachers' Retirement System, General Assembly Retirement System, and Judges' Retirement System. SERS' financial position and results of operations for fiscal years 1999 and 1998 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 1999, and 1998, respectively. SERS also issues a separate CAFR that may be obtained by

writing to SERS, 2101 South Veterans Parkway, Springfield, Illinois 62794-9255 or by calling (217) 785-7202. The State of Illinois CAFR may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1858 or by calling (217) 782-2053.

Effective in FY97, SERS implemented Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Also effective in FY97, the State of Illinois implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. These new GASB standards supersede all previous authoritative guidance on accounting and financial reporting for defined benefit pension plans of state and local governmental entities.

A summary of SERS' benefit provisions; changes in benefit provisions; employee eligibility requirements, including eligibility for vesting; and the authority under which benefit provisions are established are included as an integral part of the SERS CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

2. Funding Policy

TRS pays employer retirement contributions to SERS based on an actuarially determined percentage of the TRS employee payroll representing TRS employees who are members of SERS. For FY99 and FY98, the SERS employer contribution rates were 9.528 percent and 6.500 percent, respectively. Effective for pay periods beginning after July 1, 1993, the TRS Board

opted to pay the employee contribution for all employees. The contribution pickup (4 percent for SERS members and 8 percent for TRS members) was included in the FY99 and FY98 administrative budgets approved by the TRS Board.

TRS does not pay employer contributions for its employees who are also members of TRS. Funding for these contributions is included in the annual state contribution to TRS.

3. Post-Employment Benefits – TRS Employees

In addition to providing pension benefits, the State Employees Group Insurance Act of 1971, as amended, requires that certain health, dental, and life insurance benefits be provided by the state. Substantially all TRS employees may become eligible for post-employment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for TRS retirees under the state's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant who is age 60 or older.

Costs incurred for health, dental, and life insurance for annuitants and their dependents were not separated from benefits that were provided to active employees and their dependents for the years ended June 30, 1999, and 1998. However, post-employment costs for the state as a whole for all state agencies or departments for dependent health, dental, and life insurance for annuitants and their dependents are disclosed in the state's Comprehensive Annual Financial Report. Cost information for retirees by individual state agency is not available. Payments are made on a "pay-as-you-go" basis.

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS ¹						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL-Projected Unit Credit) (b)	Funded Ratio (a)/(b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a)/(c)
06/30/96	\$15,103,927,000	\$26,141,794,000	57.8%	\$11,037,867,000	\$4,734,250,000	233.1%
06/30/97	17,393,108,000	26,951,585,000	64.5	9,558,477,000	5,013,583,000	190.7
06/30/98	19,965,887,000	29,908,241,000	66.8	9,942,354,000	5,323,403,000	186.8
06/30/99	22,237,709,000	33,205,513,000	67.0	10,967,804,000	5,698,117,000	192.5

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES ¹							
Year Ended June 30	State Contributions ²	Federal and Employer Contributions ³	Total	Annual Required Contribution per GASB Statement #25	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed
1996	\$324,276,000	\$16,997,000	\$341,273,000	\$1,350,997,000	25.3%	\$341,276,000	100%
1997	377,969,000	17,379,000	395,348,000	927,842,000	42.6	395,269,000	100
1998	460,439,000	17,246,000	477,685,000	983,312,000	48.6	478,439,000	100
1999	567,068,000	36,535,000	603,603,000	932,909,000	64.7	592,547,000	102

¹ The required schedules of funding progress and employer contributions should include information for the current year and as many of the prior years that are available, according to the parameters. TRS has only four years of information that meet the parameters. For consistency with figures reported by TRS' actuaries, the amounts have been rounded to the nearest thousand. Actual contributions varied slightly from contributions that are required by statute mainly because of differences between estimated and actual federal contributions.

² Does not include minimum and supplemental retirement contributions of \$5,883,000 and \$6,509,000 in FY99 and FY98, respectively. For FY99, includes \$32,016,000 in General Revenue Funds for the state's portion of 2.2 benefit formula increase.

³ For FY99, federal contributions totaled \$19,844,000 and employer contributions for the 2.2 benefit formula increase totaled \$16,691,000.

See accompanying independent auditors' report.

Required Supplementary Information

Year 2000 Disclosure (Unaudited)

Background and Summary

The now well-known year 2000 (Y2K) issue, involving the inability of electronic data processing systems and other electronic components to properly function after January 1, 2000, was identified as a priority project for TRS during calendar year 1997. In December 1997, a project plan was developed to assess and correct all information systems and other Y2K exposures present within TRS' internal operations and among various external entities upon which TRS relies in performing its statutory responsibilities.

At June 30, 1999, TRS staff believes that mission-critical information systems and other electronic components operated by TRS are fully Y2K compliant and will operate without interruption after January 1, 2000. Further, the information systems operated by external entities upon which TRS relies for critical business functions are believed to be Y2K compliant based on the written representations of those entities to TRS. At June 30, 1999, the remaining Y2K remediation efforts for TRS involve noncritical batch processes written for the mainframe computer and replacement of several third-party microcomputer applications with Y2K compliant versions. TRS staff believes these efforts will be completed before December 31, 1999, and further believes any business risk associated with Y2K-related failure of these applications and processes is immaterial. However, due to the unprecedented nature of the Y2K issue, there exists a possibility that Y2K issues present at TRS or its vendors will not be identified or resolved by January 1, 2000.

The scope of TRS' Y2K efforts is divided into four stages for purposes of this statement.

■ Awareness Stage

During FY97, initial research as to the scope of needed Y2K remediation was undertaken. During FY98, a project plan, schedule, and requested FY99 budget was presented to the TRS Board of Trustees.

■ Assessment Stage

During FY98, TRS first updated all internally created and third-party purchased software inventories. The inventories were then categorized into mission-critical and non-mission-critical groups to establish testing and remediation priorities. Concurrently, standards for Y2K programming changes and data issues were created. TRS also updated EDP hardware and operating system software inventories and established plans to contact all relevant vendors to determine Y2K compliance during FY98. A similar inventory and vendor list was developed for non-EDP electronic components. Additionally, an inventory of outside entities with which TRS transacts business electronically or with which TRS has significant business relationships was created in FY98.

Following the inventory processes, testing and inquiry efforts commenced in FY98. Based on testing, examination, vendor information, or a combination thereof, listings of noncompliant, system-created programs, vendor software, and hardware were created.

Required Supplementary Information

■ Remediation Stage

Based on the results of the assessment process, a preliminary test of purchased mainframe software was conducted to determine precisely which applications contained Y2K problems. Specific remediation efforts for mission-critical processes, including replacement or upgrading of purchased software and recoding of TRS-created software, commenced in FY98. Mission-critical mainframe software changes were completed in February 1999. Purchased software inventories were completed in March 1999.

Survey results for computer hardware and other electronic components revealed few Y2K compliance matters; specific remediation efforts, primarily involving retiring older personal computers from service, commenced and were completed in FY99.

Surveys received from vendors and other outside service providers indicated no material compliance issues; therefore, specific remediation plans were not developed.

■ Validation/Testing Stage

In February 1999, TRS staff tested the revised mainframe software in a Y2K environment at TRS' disaster recovery backup facility located in Dayton, Ohio. The tests were generally successful with only minor exceptions noted for correction. Corrections were completed and successfully retested in March 1999 at the TRS offices. With this phase complete, mainframe computer mission-critical processes are now believed to be Y2K compliant. Remediation efforts for non-mission-critical processes are ongoing. Purchased software products previously determined to not be Y2K compliant are presently being upgraded. This process will be completed in October 1999.

Notes to Required Supplementary Information

Valuation Dates	June 30, 1999	June 30, 1998
Actuarial cost method:	Projected unit credit	Projected unit credit
Amortization method:		
a) For GASB Statement #25 reporting purposes	Level percent of payroll	Level percent of payroll
b) Per state statute	15-year phase-in to a level percent of payroll until a 90% funding level is achieved	15-year phase-in to a level percent of payroll until a 90% funding level is achieved
	Minimum state contribution rates in statute include cost of 2.2 formula change as a level percent of payroll	Minimum state contribution rates in statute include cost of 2.2 formula change as a level percent of payroll
Remaining amortization period:		
a) For GASB Statement #25 reporting purposes	40 years, open	40 years, open
b) Per state statute	46 years, closed	47 years, closed
Asset valuation method:	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	6.0-9.3%, composite 7.0%	6.0-9.3%, composite 7.0%
Group size growth rate	0%	0%
Assumed inflation rate	4%	4%
Post-retirement increase	3% compounded	3% compounded
Mortality table	1995 Buck Mortality Tables (rated forward one year for beneficiaries only).	1995 Buck Mortality Tables (rated forward one year for beneficiaries only).

See accompanying independent auditors' report.

Other Supplementary Information

SCHEDULE OF ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended June 30, 1999, and 1998 are summarized below:

	1999	1998
Personal services	\$7,534,038	\$6,754,240
Professional services	849,600	807,808
Postage	296,888	374,988
Machine repair and rental	409,878	306,077
Other contractual services	673,592	569,345
Commodities	271,846	233,925
Occupancy expense	194,542	235,241
Depreciation	448,680	481,297
Loss (gain) on disposal of equipment	1,030	(1,611)
Total administrative expenses	<u>\$10,680,094</u>	<u>\$9,761,310</u>

SCHEDULE OF INVESTMENT ACTIVITY EXPENSES

Investment activity expenses for the years ended June 30, 1999, and 1998 are summarized below:

	1999	1998
Investment manager fees	\$75,869,525	\$71,645,986
Alternative investment expense	3,585,538	2,931,245
Miscellaneous	1,136,499	1,161,230
Total investment activity expenses	<u>\$80,591,562</u>	<u>\$75,738,461</u>

SCHEDULE OF PAYMENTS TO CONSULTANTS

Payments to consultants for the years ended June 30, 1999, and 1998 are summarized below:

	1999	1998
Actuarial services	\$89,295	\$174,680
External auditors	122,371	97,569
Legal services	55,244	159,668
Management consultants		
Information systems	312,244	188,931
Investment review	223,797	88,500
Executive search	19,520	67,662
Publication design	8,639	12,645
Other	18,490	18,153
Total payments to consultants	<u>\$849,600</u>	<u>\$807,808</u>

See accompanying independent auditors' report.

Investment



Section

Introduction
Performance Summary
Asset Allocation
Fund Management
Asset Class and Market Indices
Total Fund Results
U.S. Equity Results and Profile
International Equity Results
Fixed Income Results and Profile
Real Estate Investment Results
Alternative Investments Results
Summary Reports

Introduction

The TRS trust fund is invested by authority of the Illinois General Assembly under the "prudent person rule," requiring investments to be managed solely in the interest of fund participants and beneficiaries. As of June 30, 1999, TRS' total investments, including accrued investment income, at market value totaled \$23,276,177,263.

Investments are guided by a statement of investment objectives and policies that are approved by the Board of Trustees. The objective is to provide the greatest long-term benefits to members by maximizing the total rate of return on investments within prudent parameters of risk for a retirement fund of this type. Investment performance is expected to exceed the annual rate of inflation over the long term by 4.5 percent and to outperform various market indices for each asset class.

The Northern Trust Company, as Master Trustee, has provided to TRS, unless otherwise noted, detailed financial reports of all investments, receipts, disbursements,

purchases and sales of securities, and all other transactions pertinent to the Fund for the period July 1, 1998, through June 30, 1999. A statement of assets together with their fair market value was also provided showing the properties held as of June 30, 1999. Additionally, The Northern Trust Company calculated, in accordance with the Association for Investment Management and Research (AIMR) Performance Presentation Standards, performance rates of return by portfolio, composite, and respective indices. TRS staff, in collaboration with staff from The Northern Trust Company and Strategic Investment Solutions, Inc., prepared the Investment Section.

A complete listing of investment holdings is available on request.

Performance Summary

In conformance with the AIMR Performance Presentation Standards, the following Performance Summary table outlines the performance of the total investment portfolio, including accrued income, during the last five years.

PERFORMANCE SUMMARY								
	Years ended June 30				1999	Annualized*		
	1995	1996	1997	1998		3 Years	5 Years	10 Years
Total Time Weighted Return								
TRS	13.4%	16.9%	18.3%	16.6%	10.8%	15.1%	14.8%	11.6%
TRS Weighted Index	15.9	13.9	17.8	15.7	11.7	15.1	15.0	12.2
CPI (Inflation)	3.0	2.8	2.3	1.7	2.0	2.0	2.3	3.0
Equity - U.S.								
TRS	20.6	23.0	27.9	26.6	17.1	23.8	22.9	16.4
Wilshire 5000	24.7	26.2	29.3	28.9	19.6	25.8	25.7	17.6
S&P 500	26.0	26.1	34.6	30.2	22.8	29.1	27.9	18.8
Equity - International								
TRS	(6.1)	27.5	19.9	2.8	8.4	10.1	9.8	8.3
MSCI All Country Ex. U.S.	0.1	10.8	14.0	0.6	10.3	8.2	7.8	6.7
MSCI EAFE	1.7	13.6	12.8	6.1	7.6	8.8	8.2	6.6
Fixed Income - U.S.								
TRS	12.0	3.2	10.8	12.2	3.9	8.9	8.1	8.7
Salomon BIG	12.8	5.0	8.2	10.6	3.1	7.2	7.8	8.2
Fixed Income - International								
TRS	14.4	6.6	4.9	2.4	4.3	3.9	7.0	9.2
SBNUSDB	22.7	(1.7)	2.2	0.9	4.9	2.6	5.5	8.9
Real Estate Equity								
TRS	13.2	11.1	12.7	14.7	13.5	13.5	13.0	6.6
CPI + 7%	10.0	9.8	9.3	8.7	9.0	9.0	9.3	10.0
Alternative Investments								
TRS	30.3	67.7	22.6	35.3	22.7	27.7	40.9	20.0
CPI + 10%	13.0	12.8	12.3	11.7	12.0	12.0	12.3	13.0

*Returns are provided by The Northern Trust Company and Strategic Investment Solutions in accordance with AIMR Performance Presentation Standards.

Asset Allocation

A pension fund's most important investment policy decision is the selection of an asset allocation. Similar to other large institutional funds, TRS maintains a well-diversified portfolio to control risk effectively. TRS' asset allocation as of June 30, 1999, was as follows:

PERCENT OF TOTAL FUND (for years ending June 30)		
Asset Type	Percent of Total	
	1999	1998
Bonds (U.S. and Global)	39.0%	39.0%
Common Stock - U.S.	32.2	30.2
Real Estate Equity	10.7	11.8
Common Stock - International	11.4	10.0
Short-Term Investments	3.5	6.3
Alternative Investments	2.6	2.2
Preferred Stock	0.5	0.5
Currency Investments	0.1	0.0
Total	100.0%	100.0%

Percentage totals for FY99 show a slight increase in U.S. common stock from 30.2 percent a year earlier. International equities increased slightly from the FY98 figure of 10.0 percent. In all, equities totaled 43.6 percent of the total portfolio. Bonds remained at 39.0 percent of the total fund while real estate decreased 1.1 percent to 10.7 percent at year-end. Over the past five years, TRS' allocation history can be represented as follows:

ASSET ALLOCATION HISTORY (for years ending June 30)					
Asset Class	1995	1996	1997	1998	1999
Bonds					
(U.S. & Global)	36.9%	36.4%	31.9%	39.0%	39.0%
Common Stock					
(U.S.)	27.7	30.3	30.4	30.2	32.2
Short-Term	5.7	7.1	12.1	6.3	3.5
Other*	29.7	26.2	25.6	24.5	25.3

* Other includes common stock international, preferred stock, real estate, alternative, and currency investments.

Fund Management

The fund is externally managed by professional investment firms that bring their particular expertise to the selection and retention of investments. The activities of these firms are reviewed and directed by TRS trustees and staff to ensure compliance with applicable statutes, the investment policy, and long-term strategic plans. On June 30, 1999, TRS employed the following external firms:

Asset Class & Name	Assets Under Management
Fixed Income (Bonds) U.S.	
<i>Brinson Partners, Inc. (TAA)</i>	See TAA
<i>BlackRock Financial Management, Inc.</i>	\$504,624,028
<i>The Chicago Trust Company</i>	\$144,271,374
<i>Conseco Capital Management</i>	\$290,451,116
<i>Forstmann-Leff International, Inc.</i>	\$106,190,362
<i>Hughes Capital Management, Inc.</i>	\$52,901,067
<i>Miller, Anderson, Sherrerd, LLP</i>	\$289,629,790
<i>Pacific Investment Management Co.</i>	\$2,464,870,591
<i>Payden & Rygel Investment Counsel</i>	\$468,582,753
<i>Strong Capital Management, Inc.</i>	\$209,614,511
<i>Taplin, Canida & Habacht</i>	\$80,049,138
<i>W.R. Huff Asset Management Co., LLC</i>	\$148,341,876
<i>Weiss, Peck & Greer Investments</i>	\$133,123,247
<i>Western Asset Management Co.</i>	\$466,477,898
Fixed Income (Bonds) International	
<i>Brinson Partners, Inc.</i>	\$342,864,466
<i>Delaware International Advisors, Ltd.</i>	\$144,425,067
<i>Julius Baer Investment Management, Inc.</i>	\$178,222,488
<i>Pacific Investment Management Co.</i>	\$138,391,831
Equity (Common Stock) - U.S.	
<i>Ark Asset Management Co., Inc.</i>	\$1,022,329,838
<i>Chicago Equity Partners</i>	\$582,500,563
<i>Brinson Partners, Inc.</i>	\$270,784,211
<i>Fiduciary Management Associates</i>	\$34,458,072
<i>Hotchkis and Wiley</i>	\$14,417,199
<i>Insight Capital Research & Management, Inc.</i>	\$39,084,450
<i>Institutional Capital Corp.</i>	\$301,530,002
<i>Lazard Asset Management</i>	\$376,868,345

Investment Section

<i>Lincoln Capital Management Co.</i>	\$1,852,267,575	<i>Mesirow Private Equity Investments, Inc.</i>	\$13,581,297
<i>Mentor Investment Advisors, Inc.</i>	\$30,334,237	<i>Penman Asset Management, L.P.</i>	\$9,456,957
<i>Pacific Investment Management Co.</i>	\$1,286,000,440	<i>Periscope I Fund Managers, L.L.C.</i>	\$3,096,117
<i>Paradigm Asset Management Co., L.L.C.</i>	\$368,335,585	<i>Sandler Capital Management</i>	\$17,075,807
<i>Sanford C. Bernstein & Co., Inc.</i>	\$315,090,517	<i>SCP Private Equity Partners, L.P.</i>	\$15,428,538
<i>State Street Global Advisors</i>	\$1,687,708,908	<i>TCW/Latin American Partners, L.L.C.</i>	\$26,920,381
<i>The Edgar Lomax Company</i>	\$30,558,304	<i>Trivest, Inc.</i>	\$15,384,110
<i>Valenzuela Capital Partners, L.L.C.</i>	\$109,748,862	<i>Veronis Suhler & Associates</i>	\$36,030,537
<i>Wayne Hummer Management Co.</i>	\$8,439,354	<i>Walnut Growth Partners, L.L.C.</i>	\$6,017,653
Equity (Common Stock) International			
<i>Brandes Investment Partners, L.P.</i>	\$122,686,041	<i>Weiss, Peck & Greer Corp. Development Associates</i>	\$8,840,614
<i>Brinson Partners, Inc. (TAA)</i>	See TAA	<i>Weiss, Peck & Greer Venture Partners, L.P.</i>	\$197,083,552
<i>Capital Guardian Trust Co.</i>	\$246,813,812	<i>William Blair Mezzanine Capital Partners</i>	\$28,241,073
<i>Clay Finlay, Inc.</i>	\$401,502,819	Tactical Asset Allocation (TAA)	
<i>Delaware International Advisors, Ltd.</i>	\$355,627,993	<i>Brinson Partners, Inc.</i>	\$1,324,054,680
<i>Hotchkis & Wiley</i>	\$109,544,587	<i>Pyrford International, PLC</i>	\$192,350,784
<i>Pyrford International, PLC</i>	\$87,304,638	Cash Management	
<i>Dresdner RCM Global Investors, L.L.C.</i>	\$280,347,082	<i>Atlantic Asset Management Partners, L.L.C.</i>	\$156,374,464
<i>Scudder Kemper Investments, Inc.</i>	\$335,397,742	<i>Hotchkis & Wiley</i>	\$156,769,164
<i>State Street Global Advisors</i>	\$584,924,279	<i>The Northern Trust Company</i>	\$310,047,706
Real Estate Equity			
<i>Bear Stearns/Capital Associates Realty Advisors</i>	\$131,219,664	Other	
<i>Capital Associates Realty Advisors</i>	\$779,187,068	<i>Pending trades, transitional accounts,</i>	<u>\$1,003,570,809</u>
<i>Commonwealth Realty Advisors, Inc.</i>	\$578,579,831	<i>pending foreign exchange, internal</i>	
<i>Cozad/Westchester</i>	\$304,060,310	<i>accounts, and accrued income</i>	
<i>DLJ Real Estate Capital Partners, L.P.</i>	\$49,498,626	Total Fund Market Value	\$23,276,177,263
<i>Heitman Capital Management</i>	\$20,212,404	June 30, 1999	
<i>K/B Realty Advisors</i>	\$202,212,042	Asset Class and Market Indices	
<i>LPC Realty Advisors I, Ltd.</i>	\$202,744,841	During FY99, U.S. common stock was the best performing asset class as represented by the Wilshire 5000 Index at 19.6 percent and the S&P 500 Index at 22.8 percent. International common stock was the next best performing asset class as represented by the MSCI All Country Excluding U.S. Index and the Europe, Australia and Far East (EAFE) Index, returning 10.3 percent and 7.6 percent, respectively. Domestic bonds, as represented by the Salomon Broad Investment Grade (Salomon BIG) Index, returned 3.1 percent. Non-U.S. dollar bonds, represented by the Salomon Non-U.S. Dollar Bond Index, returned 4.9 percent. The 90-day Treasury Bill, reflecting short-term investments, returned 4.7 percent. The annual rate of inflation, as represented by the Consumer Price Index (CPI), stood at 2.0 percent for FY99. The following table shows a quarterly breakdown of the returns of TRS representative indices.	
<i>RREEF Real Estate Venture Capital Fund, L.P.</i>	\$19,141,492		
<i>Stone-Levy, L.L.C.</i>	\$230,343,676		
Alternative Investments			
<i>Angelo, Gordon & Co.</i>	\$37,155,692		
<i>Apex Investment Partners</i>	\$37,734,936		
<i>Daystar Partners</i>	\$49,029,268		
<i>DLJ Merchant Banking Partners, Inc.</i>	\$47,900,243		
<i>Frontenac Company</i>	\$10,391,150		
36 <i>Kohlberg Kravis Roberts & Co.</i>	\$38,804,719		

ASSET CLASS QUARTERLY RETURN BY REPRESENTATIVE INDICES

Date	Asset Class							
	Domestic Equity		International Equity		Domestic Fixed Income	International Fixed Income	Short-Term Investments	Inflation
	Wilshire 5000	S&P 500	MSCI All Country Ex.-U.S.	MSCI EAFE	Salomon BIG	SBNUSDB*	90-Day T-Bill	CPI
6/30/98	1.95	3.31	(1.77)	1.06	2.32	1.67	1.29	0.49
9/30/98	(12.03)	(9.86)	(15.10)	(14.21)	4.14	9.61	1.21	0.37
12/31/98	21.51	21.32	20.33	20.66	0.41	5.27	1.11	0.18
3/31/99	3.77	4.94	2.60	1.39	(0.46)	(4.84)	1.13	0.67
6/30/99	7.81	7.05	5.21	2.54	(0.93)	(4.50)	1.17	0.73

*Salomon Brothers Non-U.S. Dollar Bond Index
All index returns provided by The Northern Trust Company

Total Fund Results

TRS' total time-weighted rate of return for FY99 was 10.8 percent, calculated in conformance with AIMR Performance Presentation Standards. This result was due primarily to TRS' results in the U.S. stock and bond markets and private market investments.

The Fund's total return for FY99 easily surpassed the long-term performance objectives of preserving purchasing power and exceeding the rate of inflation (as measured by the Consumer Price Index) by 4.5 percent. In addition to these objectives, which are formally outlined in the TRS Statement of Investment Objectives and Policies, TRS' returns for FY99 also exceeded the 8.5 percent assumed actuarial return. As indicated below, this trend has continued over the annualized 3-, 5-, and 10-year periods. For the year, TRS only slightly underperformed its average market-weighted index, a cross-section of the returns of numerous market indices based on TRS' own actual asset allocation.

	FY99	3-Year	5-Year	10-Year
TRS	10.8%	15.1%	14.8%	11.6%
TRS Market-Weighted Index	11.7	15.1	15.0	12.2
CPI (Inflation)	2.0	2.0	2.3	3.0

U.S. Equity Results and Profile

For the fiscal year, TRS' U.S. common stock portfolio returned 17.1 percent compared to the Wilshire 5000 return of 19.6 percent. The 3-, 5-, and 10-year comparisons to this benchmark are noted below:

	FY99	3-Year	5-Year	10-Year
TRS	17.1%	23.8%	22.9%	16.4%
Wilshire 5000	19.6	25.8	25.7	17.6

At June 30, 1999, 39.6 percent of TRS' investment portfolio was assigned to U.S. equity managers compared to 37.5 percent at the prior fiscal year's end. Equity managers used fully active, index, and enhanced index management strategies during FY99. The market value of assets assigned to U.S. equity managers increased to \$9.041 billion from \$7.723 billion due to \$1.317 billion of market value appreciation and \$1.0 million in net reallocations to U.S. equities from other asset classes.

Domestic equity managers are expected to better the designated benchmark index on an annualized basis over a three- to five-year period or market cycle. The S&P 500 is a popular index that is often used to represent U.S. equity market returns. However, the Wilshire 5000 Index provides a more accurate representation of both the aggregate U.S. equity market and TRS' domestic equity portfolio. The highly diversified financial characteristics

and risk factors of the Wilshire 5000 ultimately influence the total return.

TRS domestic equity managers changed the sector diversification of their portfolios during FY99. Increases to investments were made in the technology and utility sectors to take advantage of the economic value repre-

sented in these areas while investments in basic industries, consumer durables, energy, finance, capital goods, and consumer nondurables remained stable or were trimmed back. The Diversification by Industry Sector table summarizes these changes and also provides a comparison with the S&P 500 and the Wilshire 5000 indices.

DIVERSIFICATION BY INDUSTRY SECTOR							
Sector	June 30, 1999			June 30, 1998			
	TRS	S&P 500	Wilshire 5000	TRS	S&P 500	Wilshire 5000	
Basic Industries	6.2%	4.6%	5.7%	10.7%	5.9%	7.1%	
Capital Goods	7.5	7.4	6.1	7.4	7.1	7.0	
Consumer Durables	2.5	1.9	2.3	3.6	2.6	2.8	
Consumer Nondurables	37.2	32.3	32.8	38.8	35.6	35.1	
Energy	4.2	6.1	5.3	4.6	7.6	5.9	
Finance	13.2	16.0	18.3	16.2	18.7	19.7	
Technology	22.1	20.7	19.0	12.8	14.2	14.5	
Utilities	7.1	11.0	10.5	5.9	8.3	7.9	

Source: The Northern Trust Company

All Wilshire 5000 industry sectors provided positive rates of return during FY99. With the exception of consumer durables, the S&P 500 industry sector rates of return were

positive. As illustrated below, the sector returns for the S&P 500 and the Wilshire 5000 performed relatively well.

WILSHIRE 5000 INDUSTRY RETURNS		S&P 500 INDUSTRY RETURNS	
For the year ending June 30, 1999		For the year ending June 30, 1999	
Sector	Return	Sector	Return
Basic Industries	1.3%	Basic Industries	4.8%
Capital Goods	21.6	Capital Goods	8.7
Consumer Durables	5.0	Consumer Durables	(0.8)
Consumer Nondurables	12.1	Consumer Nondurables	12.8
Energy	10.2	Energy	19.2
Finance	2.2	Finance	5.6
Technology	65.8	Technology	64.3
Utilities	29.1	Utilities	37.4
Total Wilshire 5000 Return	19.6%	Total S&P 500 Return	22.8%

Source: The Northern Trust Company

U.S. equity managers made adjustments to their accounts during FY99 as noted by the following comparison of

portfolio characteristics with the S&P 500 and the Wilshire 5000 indices.

U.S. EQUITY PORTFOLIO PROFILE						
Sector	June 30, 1999			June 30, 1998		
	TRS	S&P 500	Wilshire 5000	TRS	S&P 500	Wilshire 5000
Capitalization (\$ Bil.)	73.4	104.1	83.1	44.8	71.2	55.4
Price/Earnings Ratio	27.4	32.8	35.0	30.9	29.9	30.8
Dividend Yield (%)	1.1	1.2	1.2	1.3	1.5	1.3
Beta	0.9	1.1	1.0	1.0	1.0	1.0
Diversification (R-Squared)	1.0	1.0	1.0	0.9	1.0	1.0
Five-Year Earnings Growth Rate (%)	17.9	14.8	12.3	10.4	10.5	10.7
Market/Book Ratio	5.5	5.2	6.7	6.8	7.0	6.9

Source: The Northern Trust Company

The capitalization of the TRS domestic equity portfolio increased dramatically from June 30, 1998, to June 30, 1999, primarily due to the significant appreciation of the U.S. equity market. The capitalization of the TRS domestic equity portfolio was much more similar to that of the broader Wilshire 5000 Index. The TRS portfolio emphasizes the broad market and includes small and midsize firms not included in the S&P 500 Index. The rally in the U.S. equity market also translated into higher price/earnings ratios for both the S&P 500 and the Wilshire 5000 indices. The TRS domestic equity portfolio, typically divided equally between growth and value securities, slightly favored growth securities as a result of the performance advantage growth securities have had relative to value securities over the past five years.

The top 10 domestic equity holdings, excluding commingled funds, at June 30, 1999, are listed below and represent 10.0 percent of the assets assigned to domestic equity managers.

TOP 10 DOMESTIC EQUITY HOLDINGS

Firm	Market Value
Microsoft Corp.	\$136,597,988
General Electric Co.	131,260,800
Cisco Systems, Inc.	119,998,734
Tyco International	93,016,075
Intel Corp.	76,243,300
Lucent Technologies, Inc.	73,594,544
International Business Machines Corp.	73,362,300
Bristol Myers Squibb Co.	67,827,791
Electronic Arts	67,736,550
Merck & Co., Inc.	61,609,400
Total	\$901,247,482

Source: The Northern Trust Company

International Equity Results

For the year ended June 30, 1999, the international equity asset class returned 8.4 percent compared to the MSCI All Country Excluding U.S. Index return of 10.3 percent and the MSCI EAFE return of 7.6 percent.

	FY99	3-Year	5-Year	10-Year
TRS	8.4%	10.1%	9.8%	8.3%
MSCI All Country- Ex. U.S.	10.3	8.2	7.8	6.7
MSCI EAFE	7.6	8.8	8.2	6.6

TRS' international equity managers continued to limit exposure to Japanese equities, investing only 17.0 percent of TRS' foreign equities in Japan compared to Japan's relative 20.9 percent weighting in the MSCI All Country Excluding U.S. Index. For FY99, \$187 million of market value appreciation and \$427 million in reallocations from other asset classes combined to increase the market value of assets assigned to international equity managers to \$2.849 billion from \$2.235 billion in FY98.

The International Equity Portfolio Profile table illustrates some of the international equity portfolio characteristics compared to the MSCI EAFE as of June 30, 1999.

INTERNATIONAL EQUITY PORTFOLIO PROFILE

June 30, 1999

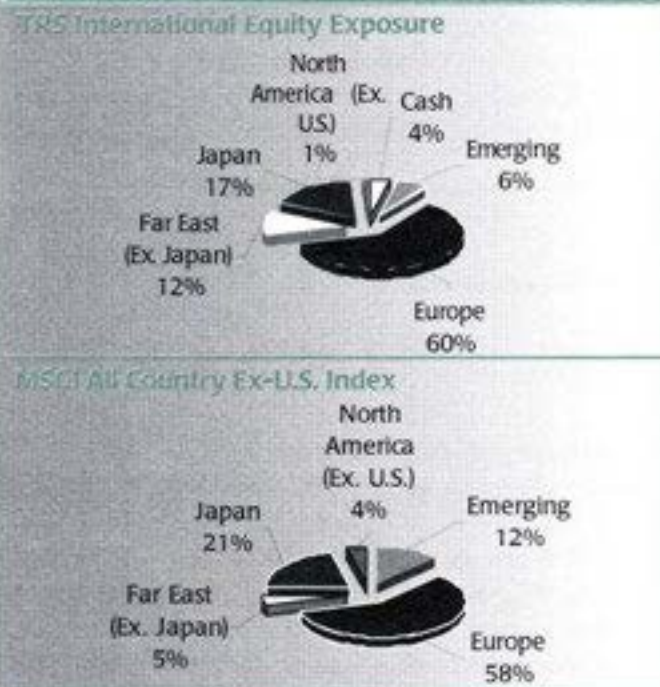
Sector	TRS	MSCI EAFE
Capitalization (\$ Bil.)	26.2	27.8
Price/Earnings Ratio	31.1	36.8
Dividend Yield (%)	2.0	1.8
Beta	1.0	1.0
Diversification (R-Squared)	1.0	1.0
Return on Equity	15.2	15.6
Price/Book Ratio	6.5	7.3

Source: Wilshire Associates

The following charts provide a brief regional overview of TRS international equity exposure compared to the MSCI All Country Excluding U.S. Index.

TRS INTERNATIONAL EQUITY ALLOCATION BY REGION

June 30, 1999



Source: TRS

The next table lists the top 10 international common stock holdings, excluding commingled funds, as of June 30, 1999. These securities represent 7.2 percent of the assets assigned to the international equity portfolio.

TOP 10 INTERNATIONAL EQUITY HOLDINGS

Firm	Market Value
Nokia	\$28,695,060
Mannesmann	27,051,454
Elf Aquitaine	22,630,058
Royal Dutch Petroleum	21,906,133
Siemens	20,117,397
Canon, Inc.	20,010,575
Telefonica	18,872,776
Glaxo Wellcome	18,865,867
Matsushita	17,939,524
BOC Group	15,959,962
Total	\$212,048,806

Source: The Northern Trust Company

Fixed Income Results and Profile

TRS domestic fixed income managers returned 3.9 percent for the year compared to the 3.1 percent return for its benchmark, the Salomon Broad Investment Grade (Salomon BIG) Index. TRS FY99 results also exceeded those of the benchmark for the 3-, 5-, and 10-year periods.

	FY99	3-Year	5-Year	10-Year
TRS	3.9%	8.9%	8.1%	8.7%
Salomon BIG	3.1	7.2	7.8	8.2

TRS' international fixed income managers returned 4.3 percent in FY99, underperforming their benchmark, the Salomon Brothers Non-U.S. Dollar Bond Index (SBNUSDB), which returned 4.9 percent. TRS international fixed income managers' results are superior to the SBNUSDB over the 3-, 5-, and 10-year periods.

	FY99	3-Year	5-Year	10-Year
TRS	4.3%	3.9%	7.0%	9.2%
SBNUSDB*	4.9	2.6	5.5	8.9

*Salomon Brothers Non-U.S. Dollar Bond Index

During FY99, the total bond portfolio, exclusive of short-term investments, generated a 4.0 percent total return. This compares to the 3-year return of 7.5 percent, the 5-year return of 7.9 percent, and the 10-year return of 9.1 percent. The market value of total assets assigned to fixed income managers, including short-term investments, increased to \$6.652 billion from \$6.561 billion due to \$263 million of market value appreciation and \$173 million in allocations from fixed income to other asset classes. Assets invested that were assigned to international fixed income managers totaled \$1.062 billion at year-end.

The following tables reflect changes made in the U.S. fixed income portfolios during the year in terms of diversification by issuer type and quality rating, as well as the underlying characteristics affecting total return.

DIVERSIFICATION BY ISSUER TYPE FOR FIXED INCOME MANAGEMENT PORTFOLIOS

Issuer Type	06/30/99	06/30/98
Short-Term	8.4%	13.8%
Government and Agency	37.7	39.6
Industrial and Miscellaneous	13.1	9.9
Finance	23.1	19.2
International Obligations	15.4	14.9
Other*	2.3	2.6
Total	100.0%	100.0%

*Other includes transportation and technology.

DIVERSIFICATION BY QUALITY RATING FOR FIXED INCOME MANAGER PORTFOLIOS

Rating/Type	06/30/99	06/30/98
AAA	61.2%	52.9%
AA	2.7	3.1
A	4.0	3.9
BAA	7.2	9.9
International	17.3	17.4
Short-Term	2.3	1.9
Other*	5.3	10.9
Total	100.0%	100.0%

*Other includes under BAA and NR ratings.

U.S. BOND PORTFOLIO PROFILE

Characteristic	06/30/99		06/30/98	
	TRS	BIG	TRS	BIG
Maturity (Years)	5.9	9.2	10.2	8.4
Duration (Years)	5.2	4.9	5.7	5.2
Coupon (%)	6.1	5.7	6.6	7.1
Yield to Maturity (%)	6.7	6.4	6.7	6.1
Current Yield (%)	6.6	6.7	6.6	7.0

Source: The Northern Trust Company

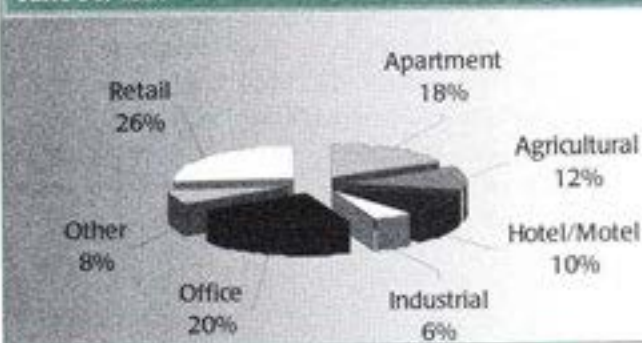
Real Estate Investment Results

Real estate investments earned a 13.5 percent rate of return during FY99. The income return generated by rents and property dispositions was 8.5 percent while property appreciation accounted for 5.0 percent of the total. For the 3-, 5-, and 10-year periods, portfolio managers have generated annualized returns of 13.5 percent, 13.0 percent, and 6.7 percent, respectively. The investment goal is to achieve a total return of 7 percent in excess of the rate of inflation. During FY99, the value of assets assigned to real estate increased by \$51 million to \$2.522 billion. The increase was due to \$198 million of reinvested income and \$113 million in market value appreciation, offset by \$260 million in reallocations to other asset classes.

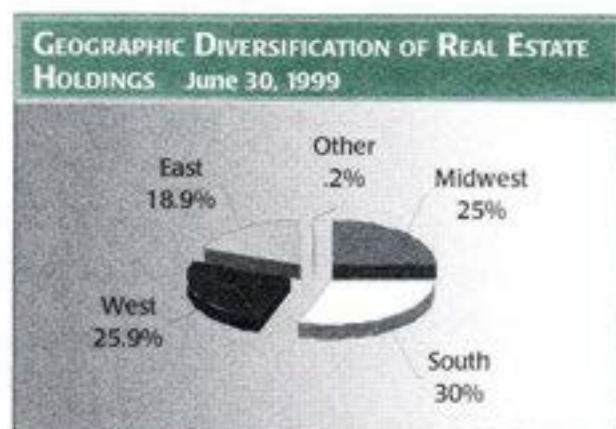
	FY99	3-Year	5-Year	10-Year
TRS	13.5%	13.5%	13.0%	6.7%
CPI + 7%	9.0	9.0	9.3	10.0

The following graph outlines the different types of TRS real estate holdings as of June 30, 1999.

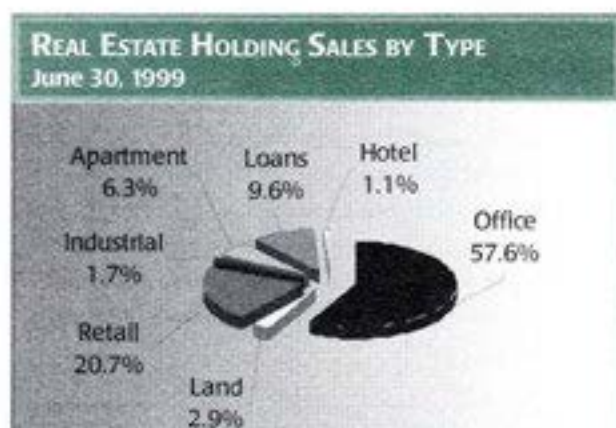
REAL ESTATE HOLDINGS BY TYPE June 30, 1999



The following graph shows the geographic diversification of TRS real estate holdings as of June 30, 1999.



During FY99, 22 assets were sold returning approximately \$170 million to TRS. The following graph shows the sales by asset type.



Alternative Investments Results

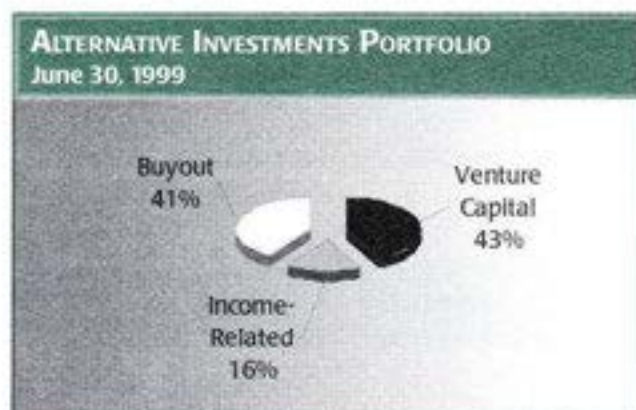
Alternative investments is a term synonymous with private equity. The private equity market is an important source of funds for start-up companies, private middle-market firms, financially distressed companies, and companies seeking buy-out financing. Private equity investments are privately placed and, therefore, are exempt from registration with the Securities and Exchange Commission. Investors in the alternative investments asset class include pension funds, university and college endowments, insurance companies, banks, and high net worth individuals.

Investments made in the alternative investments asset class can be in the form of debt or equity. Equity investments represent ownership interest in private incorporated businesses. Debt investments represent investments in unsecured or secured debt securities of private incorporated business.

FY99 was another strong year for alternative investments. A total return of 22.7 percent easily outdistanced its performance objective of earning 10 percent in excess of the rate of inflation. While representative indices are unavailable, performance is very impressive over the 3-, 5-, and 10-year periods with annualized returns of 27.7 percent, 40.9 percent, and 20.0 percent, respectively. Overall, TRS participated in 22 venture capital limited partnerships with a June 30, 1999, market value of \$596 million.

	FY99	3-Year	5-Year	10-Year
TRS	22.7%	27.7%	40.9%	20.0%
CPI + 10%	12.0	12.0	12.3	13.0

The following graph outlines sub-asset class diversification within the alternative investments portfolio as of June 30, 1999.



Summary Reports

The following tables in this section provide additional detail regarding the TRS investment portfolio for the year ending June 30, 1999.

INVESTMENT PORTFOLIO SUMMARY

	June 30, 1999		June 30, 1998	
	Market Value	% of Total	Market Value	% of Total
Bonds, Corporate Notes, and Government Obligations				
U.S. Government	\$966,532,224	4.2%	\$1,270,406,634	6.1%
Federal Agency	2,723,518,388	11.7	2,493,333,331	11.9
Municipals (Taxable)	31,738,970	0.1	0	0.0
Total Government Obligations	3,721,789,582	16.0	3,763,739,965	18.0
Corporate Obligations				
Basic Industry	201,994,318	0.9	80,388,781	0.4
Capital Goods	23,972,797	0.1	105,963,787	0.5
Consumer Durables	12,039,526	0.1	53,555,958	0.3
Consumer Nondurables	255,819,949	1.1	227,974,163	1.1
Energy	83,363,033	0.4	30,107,003	0.1
Financial	2,282,780,256	9.8	1,828,226,262	8.7
Miscellaneous	517,544,918	2.2	410,324,346	2.0
Technology	203,507,272	0.9	25,234,038	0.1
Transportation	148,946,656	0.6	106,606,476	0.5
Utilities	81,863,091	0.4	140,952,137	0.7
Total Corporate Obligations	3,811,831,816	16.5	3,009,332,951	14.3
Foreign Government Obligations	1,034,964,631	4.4	1,007,581,864	4.8
Foreign Corporate Obligations	483,966,337	2.1	405,272,257	1.9
Total Bonds, Corporate Notes, and Government Obligations	9,052,552,366	39.0	8,185,927,037	39.0
Common Stock - U.S.	7,484,313,905	32.2	6,336,877,264	30.2
Preferred Stock-U.S.	58,636,761	0.3	62,128,442	0.3
Common Stock - International	2,664,930,858	11.4	2,104,340,857	10.0
Preferred Stock-International	48,068,648	0.2	44,712,315	0.2
Total Equities	10,255,950,172	44.1	8,548,058,878	40.7
Short-Term Investments*	831,540,481	3.5	1,315,152,039	6.3
Real Estate Equity	2,500,511,322	10.7	2,465,432,457	11.8
Alternative Investments	596,456,656	2.6	458,118,826	2.2
Currency Investments	39,166,266	0.1	9,969,850	0.0
Total Portfolio	\$23,276,177,263	100.0%	\$20,982,659,087	100.0%

*Includes accrued income and dividends totaling \$222,342,888 for FY99 and \$234,214,755 for FY98.

COMPOSITION OF INVESTMENTS AT MARKET VALUE as of June 30, 1999

Asset Class		% of Total Fund
Alternative Investments		2.6%
Real Estate Equity		10.7
Currency Investments		0.1
Common Stock-Int'l.		11.4
Preferred Stock U.S./Int'l.		0.5
Corporate Obligations -U.S.		16.5
Basic Industries	5.3	
Capital Goods	0.6	
Consumer Durables	0.3	
Consumer Nondurables	6.7	
Convertibles	0.0	
Energy	2.2	
Financial	60.0	
Miscellaneous	13.6	
Technology	5.3	
Transportation	3.9	
Utilities	2.1	
	100.0	
Short-Term Investments		3.5
Investment Reserve Fund	47.2	
Other	52.8	
	100.0	
Corporate Obligations-Int'l.		2.1
Government Obligations-Int'l.		4.4
Government Obligations-U.S.		16.0
Federal Agency	73.1	
Municipals	0.9	
U.S. Government	26.0	
	100.0	
Common Stock-U.S.		32.2
Basic Industries	4.2	
Capital Goods	5.2	
Consumer Durables	0.2	
Consumer Nondurables	26.5	
Miscellaneous	34.1	
Energy	2.2	
Financial	8.5	
Technology	15.1	
Utilities	4.0	
	100.0	
		100.0%

COMPOSITION OF INVESTMENTS AT MARKET VALUE (June 30, 1999)



TRS TOTAL PORTFOLIO BY COUNTRY TOP 10 COUNTRY WEIGHTING as of June 30, 1999

Country of Origin	FY99 % of Assets	FY98 % of Assets
United States	86.0%	85.6%
Japan	2.8	2.2
United Kingdom	1.9	1.8
Germany	1.6	1.8
France	1.1	1.2
Netherlands	1.0	0.9
Australia	0.9	0.9
Canada	0.8	0.6
Sweden	0.6	0.6
Republic of Korea	0.6	0.2
All Others (49 Countries)	2.7	4.2
Total for 59 Countries	100.0%	100.0%

Source: The Northern Trust Company

SCHEDULE OF INVESTMENT MANAGER FEES FOR THE YEARS ENDED JUNE 30, 1999, AND 1998

Investment Manager/Account	FY99	FY98	Investment Manager/Account	FY99	FY98
Angelo, Gordon & Co.	\$845,481	\$322,876	Mesirow Private Equity Investments, Inc.	\$746,955	\$756,453
Apex Investment Partners	675,000	675,291	Miller, Anderson, Sherrerd, L.L.P.	574,486	145,417
Ark Asset Management Co., Inc.	7,387,081	6,177,515	Munder Capital Management, Inc.	441,061	1,461,437
Atlantic Asset Management Partners, L.L.C.	236,313	237,438	Oppenheimer Capital, Inc.	0	925,959
Bear Stearns Asset Management, Inc.	0	148,831	Pacific Investment Management Co.	6,029,208	2,902,215
Bear Stearns/Capital Associates Realty Advisors	870,940	870,940	Paradigm Asset Management Co., L.L.C.	354,287	297,000
BlackRock Financial Management, Inc.	924,004	635,095	Payden & Rygel Investment Counsel	741,049	482,552
Blairlogie International Ltd.	0	195,787	Penman Asset Management, L.P.	332,212	393,017
Brandes Investment Partners, L.P.	534,582	175,169	Periscope I Fund Managers, L.L.C.	108,000	105,489
Brandywine Asset Management, Inc.	228,947	868,137	Pyrford International, P.L.C.	1,297,615	797,861
Brinson Partners, Inc.	4,633,207	5,433,879	RREEF Real Estate Venture Capital Fund, L.P.	(234,383)	500,000
Capital Associates Realty Advisors	3,263,580	3,242,234	Sadler Capital Management	165,871	198,271
Capital Guardian Trust Co.	992,064	344,702	Sanford C. Bernstein & Co., Inc.	761,522	180,243
Chicago Equity Partners	887,250	773,401	Schroder Capital Management	0	150,765
Clay Finlay, Inc.	1,364,962	1,670,689	SCP Private Equity Partners, L.P.	585,850	874,479
Commonwealth Realty Advisors, Inc.	2,398,255	2,483,497	Scudder Kemper Investments, Inc.	980,033	950,378
Conseco Capital Management	366,115	92,376	Societe Generale	0	150,514
Cozad/Westchester	1,203,734	973,719	State Street Global Advisors	78,567	0
Daystar Partners	539,340	1,954,977	Stone-Levy, L.L.C.	2,499,284	2,639,211
Delaware International Advisors, Ltd.	1,422,880	1,367,816	Strong Capital Management, Inc.	352,929	105,564
DLJ Merchant Banking Partners, Inc. II	1,125,000	0	Sturdivant & Co.	29,675	243,607
DLJ Real Estate Capital Partners, L.P.	800,901	723,360	Taplin, Canida & Habacht	171,131	42,857
Dresdner RCM Global Investors, L.L.C.	626,713	1,740,973	TCW Realty Fund II	0	2,171
Fiduciary Management Associates	129,317	139,652	TCW/Latin American Partners, L.L.C.	661,145	951,639
First Analysis, Inc.	2,043	69,300	The Chicago Trust Company	215,019	197,073
First of America Bank	0	57,780	The Edgar Lomax Company	103,423	34,020
Forstmann-Leff International, Inc.	224,593	56,206	The Northern Trust Company	469,300	205,144
Fox Asset Management, Inc.	200,970	165,184	The Northern Trust Company (Custody)	675,000	740,000
Frontenac Company V	0	27,574	Trivest, Inc.	356,326	534,210
Frontenac Company VI	300,000	300,001	Valenzuela Capital Partners, L.L.C.	263,666	380,492
Heitman Capital Management	287,177	425,677	Veronis Suhler & Associates	162,639	600,000
Hotchkiss & Wiley	1,597,064	2,182,157	W.R. Huff Asset Management Co., L.L.C.	708,927	653,945
Hughes Capital Management, Inc.	117,821	20,864	Walnut Growth Partners, L.L.C.	0	431,250
Insight Capital Research & Management, Inc.	262,334	313,476	Wayne Hummer Management Co.	27,649	26,089
Institutional Capital Corp.	915,510	228,538	Weiss, Peck & Greer Corporate Development Associates	600,000	723,626
Julius Baer Investment Management, Inc.	461,220	423,756	Weiss, Peck & Greer Investments	219,960	257,500
K/B Realty Advisors	3,031,689	3,689,041	Weiss, Peck & Greer Venture Partners, L.P. I	285,031	339,699
Kohlberg Kravis Roberts & Co.	736,661	675,669	Weiss, Peck & Greer Venture Partners, L.P. II	1,256,058	1,815,891
LaSalle Profile Fund I	0	2,721	Weiss, Peck & Greer Partners, L.P. III	2,054,001	1,654,046
Lazard Asset Management	1,164,399	951,439	Western Asset Management Co.	703,913	612,111
Lincoln Capital Management Co.	3,285,775	2,772,784	William Blair Mezzanine Capital Partners	0	115,395
LPC Realty Advisors I, Ltd.	6,539,405	3,008,874			
Mentor Investment Advisors, Inc.	103,598	328,754	Total fees paid by TRS	\$75,463,334	\$71,525,743

Note: The schedule above was prepared using the cash basis of accounting and differs from the total shown within the Financial Section of this report.

Source: TRS

SCHEDULE OF EQUITY BROKERAGE COMMISSIONS FOR THE YEARS ENDING JUNE 30, 1999, AND 1998

Broker	FY99 Amount	FY98 Amount
Goldman Sachs & Company (Worldwide)	\$779,005	\$550,637
State Street Brokerage Services	698,145	0
Merrill Lynch & Co., Inc. (Worldwide)	578,249	878,331
Morgan Stanley/Dean Witter (Worldwide)	560,923	491,161
Salomon Smith Barney, Inc. (Worldwide)	529,835	606,978
Morgan Keegan & Company	484,907	344,424
CS First Boston Corp. (Worldwide)	468,979	231,040
MLPFS (Worldwide)	408,410	118,943
Oppenheimer & Co., Inc.	352,522	329,392
D.L.J. Securities Corp. (Worldwide)	333,505	242,559
Furman Selz Mager Dietz & Birney	330,408	0
Bear Stearns & Co. (Worldwide)	275,350	301,476
Instinet (Worldwide)	268,894	236,675
ABN AMRO (Worldwide)	255,445	0
Capital Institutional Services	247,641	245,061
Alpha Management, Inc.	246,400	705,237
CommerzBank Capital Markets Corp.	245,432	230,186
Frank Russell, Inc. (Worldwide)	228,544	0
Abel Noser Corporation	227,709	180,217
Citation Group, The	199,843	453,314
Lehman Brothers, Inc. (Worldwide)	183,208	362,020
J.P. Morgan Securities, Inc. (Worldwide)	179,885	134,182
Berstein, Sanford C. & Co.	174,941	92,382
HSBC (Worldwide)	168,981	214,643
Montgomery Securities	156,965	286,258
Zacks & Co.	152,347	0
SBC Warburg & Co. (Worldwide)	149,475	351,364
Soundview Financial Group	147,518	231,955
Paine Webber Govt. Securities, Inc.	141,158	167,328
Hambrecht & Quest	136,440	162,381
Alex. Brown & Sons, Inc.	132,105	190,890
Investment Technology Group, Inc.	131,353	187,409
Jefferies & Company	128,253	138,865
Deutsche Morgan Grenfell (Worldwide)	126,653	264,539
James Capel (Worldwide)	114,269	354,919
UBS P&D (Worldwide)	108,339	193,736
Societe Generale Securities Corp.	107,291	114,887
BT Alex Brown (Worldwide)	106,960	0
Lynch Jones & Ryan	104,085	252,374
Credit Lyonnais Securities (Worldwide)	99,715	0
Cowen & Company (Worldwide)	97,893	0
J.B. Were & Sons (Worldwide)	97,659	88,584
Cheureux De Virieu (Worldwide)	90,141	121,653
Robertson Stephens & Co.	89,672	86,162
Lewco Securities & Co.	82,161	85,136
Dean Witter Reynolds, Inc.	80,154	69,251
Fox Pitt & Kelton (Worldwide)	77,278	0
Robert Fleming & Co. Ltd. (Worldwide)	76,989	142,449
Cantor Fitzgerald & Co.	75,553	0
Prudential Securities, Inc.	74,709	85,779
All Others (FY99 238 brokers)	2,718,947	3,757,374
Total Equity Commissions	\$14,031,243	\$14,282,151

TRS uses a commission recapture and soft dollar program. For the year-ended June 30, 1999, TRS recaptured more than \$1.2 million in commissions that were reinvested back into the fund. In addition, TRS received \$504,595 in soft dollar credits that were used to pay for fund research and fund consulting expenses. In FY99, TRS spent \$407,318 of soft dollar commission credits. At June 30, 1999, TRS had a remaining soft dollar credit balance of \$383,421. Note: All amounts in this paragraph are listed in hard dollars.

Note: Worldwide brokers indicate that the respective broker was used in more than one country.

Due to name changes and brokerage house mergers, some firms listed for FY98 are included for FY99.

Source: The Northern Trust Company

Actuarial

Section



Actuarial Assumptions and Methods

Annual Actuarial Valuation

Reconciliation of Unfunded Liability

State Funding

Tests of Financial Condition

Other Information

Plan Summary and Changes

BUCK CONSULTANTS

One North Franklin, Suite 3500
Chicago, Illinois 60606

October 27, 1999

Board of Trustees
Teachers' Retirement System
of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62794

Subject: Pension Benefit Obligation as of June 30, 1999

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be \$33,205,513,000 as of June 30, 1999. The valuation was performed in accordance with generally accepted actuarial principles and procedures, using the projected unit-credit actuarial cost method.

The actuarial valuation was based on a census of retired members as of June 30, 1999, and a census of active and inactive members as of June 30, 1998, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation.

Presented in the Financial Section of the System's Annual Financial Report, there is a schedule of Required Supplementary Information. This schedule has been reviewed and is consistent with the valuation report. The Actuarial Section of the Annual Financial Report also contains various schedules which are in agreement with the valuation report and have been verified for their accuracy.

The amortization method established by PA 88-0593 and PA 90-0582 which is used for funding purposes does not meet the parameters of GASB Statement No. 25. The amortization method used is a 15-year phase-in to a level percent of payroll until a 90% funding level is achieved by June 30, 2045, with the remaining amortization period being 46 years. The actuarial assumptions, actuarial cost method, and asset valuation method used for funding purposes do meet the parameters of GASB Statement No. 25.

The valuation is based on the benefit provisions of TRS in effect on June 30, 1999. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary.

The June 30, 1999 valuation reflects a change in the 2.2% utilization assumption. As required by PA 90-0582, normal retirement benefits are now calculated as 2.2% of final average salary for each year of creditable service earned after June 30, 1998. Members may upgrade to the new

Buck Consultants, Inc.

312|332-2285 Fax 312|332-5245

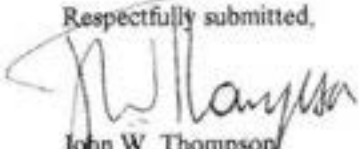
Board of Trustees
Teachers' Retirement System
of the State of Illinois
October 27, 1999
Page 2

formula for all service by making an optional payment. The June 30, 1998 valuation assumed that 85% of the members would make the optional payment at retirement. The June 30, 1999 valuation now assumes that 100 % of the members will upgrade to the new benefit formula, with some members upgrading prior to retirement. This assumption was changed in response to the number of current active members choosing to upgrade now and the fact that virtually all members retiring since the formula change are choosing to upgrade. The effect of this change was to increase the value of benefits and increase the unfunded pension benefit obligation by \$125.2 million.

This valuation also reflects a change in the upgrade cost of 2.2% to members with more than 34 years of service. Under Public Act 91-0017, the 2.2% upgrade cost has been reduced on a sliding scale for members with more than 34 years of creditable service. The contribution rate is reduced by waiving 25% of the employee contribution for each year of service in excess of 34 years. The upgrade cost would be zero for members with 38 or more years of service. The effect of this change was an increase in the unfunded pension benefit obligation of \$33.9 million.

In our opinion, the amount of \$33,205,513,000 is a fair representation of the pension benefit obligation of the System as of June 30, 1999.

Respectfully submitted,



John W. Thompson
Consulting Actuary

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Actuaries estimate the cost of benefits that members and survivors will receive over their lifetimes and calculate the amount that should be set aside each year to fund the benefits.

TRS complies with the reporting requirements issued by the Governmental Accounting Standards Board (GASB) under Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Actuarial Assumptions and Methods

Each year, the actuary reconciles the differences between major actuarial assumptions and experience in the process of explaining the change in TRS' unfunded liability. The unfunded liability is the difference between the accrued liability (the present value of benefits including the cost of annual increases) and the net assets that are available to cover the liability.

Inflation: 4 percent per annum. Implicit in investment and earnings progression assumptions, which were changed in the FY97 valuation.

Investment return: 8.5 percent per annum, compounded annually. Adopted in the FY97 valuation.

Earnings progression: Merit and longevity increases, adjusted for inflation. Approximates 7.0 percent per year to the earliest date of retirement eligibility. Adopted in the FY97 valuation.

Sample annual percentage salary increases:

Age	Male and Female
20	9.3%
30	8.2
40	7.1
50	6.5
60	6.3
69	6.0

Retirement age: Graduated rates based on age and gender of active members. Inactive members are assumed to retire at age 62. Adopted in the FY87 valuation.

Sample annual rates of retirement per 1,000 participants for active members:

Age	Male	Female
55	97.0	97.0
60	270.0	180.0
65	365.0	330.0
70	1,000.0	1,000.0

Mortality: For death in active service and regular service retirements: 1995 Buck Mortality Tables. For beneficiaries and survivors: 1995 Buck Mortality Tables rated forward one year. For disabled retirements: Pension Benefit Guaranty Corporation rates for male disabled lives not necessarily receiving Social Security with male rates set forward five years and female rates set back two years (but not set back to less than age 65). Adopted in the FY97 valuation.

Disability: Adopted in the FY93 valuation.

Sample annual rates per 1,000 participants:

Age	Male	Female
20	0.4	0.7
30	0.4	0.8
40	0.6	1.2
50	1.2	2.4
60	4.0	8.0

Termination from active service: Adopted in the FY97 valuation.

Sample annual terminations per 1,000 participants:

Age	Nonvested Members		Vested Members	
	Male	Female	Male	Female
20	169.0	186.7	76.5	96.6
30	91.0	135.0	41.2	69.9
40	35.0	55.0	15.8	28.5
50	23.0	36.5	10.4	18.9
60	41.0	44.0	18.6	22.8

Severance pay: Increases with years of service at retirement. Adopted in the FY94 valuation.

Years of Service at Retirement	Percent of Retirees who Receive Severance Pay	Severance Pay as a Percent of Final Salary
fewer than 20	0.0%	0.0%
20-24	54.0	13.2
25-29	60.0	13.2
30-34	66.0	13.9
35 or more	72.0	14.6

Optional service at retirement: The accrued liability for retirement benefits for active members who have not previously purchased optional service is increased by 1.95 percent to cover the employer cost of optional service purchased in the last two years of service. The overall assumption used in the previous valuation – an average of .813 of a year per full-time/part-time service retiree – is maintained. Adopted in the FY94 valuation; refined in the FY99 valuation.

Unused and uncompensated sick leave: Equals 2.90 percent of regular service at retirement. Adopted in the FY94 valuation.

Actuarial cost method: Projected unit credit. Gains and losses are reflected in the unfunded liability. Adopted in the FY89 valuation.

Asset valuation method: Market value. Adopted in the FY97 valuation.

Under the projected unit credit cost method used by TRS, the resulting liability for benefits earned is called the "pension benefit obligation," or PBO. A broader term for this liability is "actuarial accrued liability," or AAL. In other words, the PBO is a type of AAL.

Also, measures of TRS' financial condition for both June 30, 1999, and June 30, 1998, are shown using market value of assets. These tests are consistent with TRS' financial statements, which are prepared in accordance with GASB Statement No. 25. The change to market value was effective June 30, 1997, for determining state funding requirements for FY99.

The actuarial value of assets for FY99 and FY98 is equal to the "net assets available for benefits" as shown in the Financial Statements.

Annual Actuarial Valuation

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date. The unfunded liability is the present value of future benefits payable that are not covered by assets as of the valuation date.

The **funded ratio** shows the percentage of the accrued liability covered by net assets at market value.

ACTUARIAL VALUATION WITH MARKET VALUE ASSETS (\$ thousands)

	Years Ended June 30	
	1999	1998
Total actuarial accrued liability	\$33,205,513	\$29,908,241
Less actuarial value of assets (net assets at market value)	<u>\$22,237,709</u>	<u>\$19,965,887</u>
Unfunded liability	\$10,967,804	\$9,942,354
Funded ratio	67.0%	66.8%

Reconciliation of Unfunded Liability

The net increase in the June 30, 1999, unfunded liability of \$1,025 million was caused by a combination of factors.

The *employer cost in excess of contributions* is the shortfall between actual employer contributions and the amount needed to cover the cost of benefits earned during the year and to keep the unfunded liability from growing. In 1999, this shortfall was \$677 million.

Plan *amendments* and an assumption change related to the FY98 formula change also caused the unfunded liability to increase. In FY99, the assumed utilization of the 2.2 upgrade was increased from 85 percent to 100 percent. Almost all retirees who would benefit from the upgrade are electing it. Active members are also upgrading at a very high rate. This change in assumptions increased the unfunded liability by \$125 million. Also in FY99, the cost of the 2.2 upgrade was reduced for members with more than 34 years of service, increasing the unfunded liability by \$34 million.

RECONCILIATION OF UNFUNDED LIABILITY (\$ thousands)

	Years Ended June 30	
	1999	1998
Unfunded liability at beginning of year	\$9,942,354	\$9,558,477
Additions (Deductions)		
Employer cost in excess of contributions	677,408	776,189
Amendments		
FY99: Change in 2.2% utilization assumption from 85% to 100% and effect of 36,418 members upgrading prior to retirement ¹	125,223	
FY99: Change 2.2% upgrade cost to be reduced on a sliding scale under PA 91-17 ²	33,870	
FY98: Change in benefit formula to flat 2.2% under PA 90-582		985,900
FY98: Change in the definition of eligible child under PA 90-448		14,400
Actuarial losses (gains) compared to assumptions		
Salary increases for continuing active members	44,030	(46,017)
Investment return	(389,014)	(1,417,747)
New entrant loss	15,631	11,998
Mortality loss	33,434	33,312
Fewer terminations than expected ³	74,310	0
Repayments of refunded member contributions ³	39,940	0
ERO costs waived for those with 34 years of service ³	29,765	0
Delayed reporting of retirements (effect on assets) ⁴	36,819	12,103
Other ⁵	304,034	13,739
Net additions	1,025,450	383,877
Unfunded liability at end of year	\$10,967,804	\$9,942,354

- 1 Prior costs based on assumption that members would wait until retirement to make the decision to upgrade. If members upgrade prior to retirement, the value of future death, disability retirement, and termination benefits are increased.
- 2 This cost includes refunds with interest for those who have already elected to upgrade past service. These members have been charged an amount based on their total past service and will receive a refund of excess amounts when they retire.
- 3 An itemization of these factors was not determined prior to 1999.
- 4 542 retirements which occurred prior to 7/1/97 were not reported to the actuary until 6/30/98.
1,237 retirements which occurred prior to 7/1/98 were not reported to the actuary until 6/30/99.
- 5 Other includes items such as:
 - (a) Retroactive benefits for late retirees (50-100 late retirements annually).
 - (b) Change in rate of benefit accruals from certified normal cost rate.
 - (c) Retirements with reciprocal service credits.
 - (d) Fewer disablements than expected.
 - (e) Delayed reporting of retirements (effect on accrued liability).

TRs experienced an actuarial gain under the *investment return* assumption and an actuarial loss under the *salary increase* assumption in FY99. Investment income was \$389 million higher than expected, and salary increases were \$44 million higher than expected. Losses also occurred under the *mortality* and *turnover* assumptions. Additionally, many members repaid refunds in FY99, and

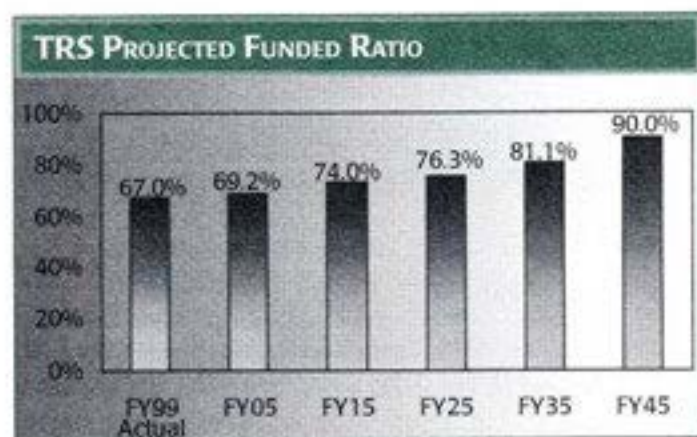
the repurchased service increased the unfunded liability. There were also losses associated with the ERO contribution rates and the ERO contribution waivers for members who have 34 years of service. *Other*, which is a balancing item, is larger than usual in FY99 because many of the retirements effective in June 1998 were not reported to TRS and the actuary until after June 30, 1998.

State Funding

State contributions to TRS under Public Act 88-593 began in FY96. The law established the state's commitment to strengthen TRS' financial position through a 35-year funding plan following a 15-year phase-in that ends in FY10. Under the phase-in, contributions are being gradually increased to a level percentage of active member payroll, and that rate (as adjusted annually by the actuaries) will be contributed for the following 35 years. At the end of the funding period in FY45, TRS will reach a 90 percent funded ratio.

Public Act 90-582, the 2.2 legislation, added minimum state contribution rates for FY99 through FY10 with the state's share of the cost of the 2.2 benefit formula change paid as a level percentage of active member payroll. The overall phase-in feature and the 90 percent target funded ratio of Public Act 88-593 are maintained.

Since FY96, state contributions to TRS and the other four state systems have been made through a continuing appropriation, so the required contributions to TRS are made automatically. It is essential that the continuing appropriation feature and the 50-year funding schedule be upheld. The integrity of the funding plan remains a top priority for TRS.



The FY99 actuarial valuation was used to determine FY01 state funding requirements and the FY01 employer's normal cost. The FY98 actuarial valuation was used to determine the required state contributions for FY00 and the FY00 employer's normal cost.

STATE FUNDING AMOUNTS

	FY01	FY00
Employer contribution reserve (includes state contributions for 2.2; excludes federal contributions; excludes school district contributions for 2.2)	\$719,357,000	\$634,039,000
Minimum benefit reserve	5,500,000	6,000,000
Supplemental benefit reserve*	0	35,000
Total state funding amount	\$724,857,000	\$640,074,000
Employer's normal cost as a percentage of active member payroll	8.65%	8.15%
State contribution to the Employers' Contribution Reserve as a percent of payroll	11.47%	10.77%

* No contribution is recommended for this item because the balance of the reserve is sufficient to pay all future expected benefit payments.

Tests of Financial Condition

The **funded ratio** shows the percentage of the accrued liability covered by net assets at book (cost) and market values.

FUNDED RATIO TEST (\$ thousands)

As of June 30	Net Assets at Cost	Net Assets at Market	Pension Benefit Obligation	Funded Ratio At Cost	Funded Ratio At Market
1990	\$8,079,898	\$8,924,022	\$13,662,509	59.1	65.3
1991	8,747,122	9,453,140	15,141,334	57.8	62.4
1992	9,811,962	10,439,836	16,659,353	58.9	62.7
1993	10,879,590	11,544,604	18,485,890	58.9	62.5
1994	11,992,224	12,038,688	21,746,875	55.1	55.4
1995	12,641,865	13,374,278	23,980,566	52.7	55.8
1996	13,829,711	15,103,927	26,141,794	52.9	57.8
1997	*	17,393,108	26,951,585	*	64.5
1998	*	19,965,887	29,908,241	*	66.8
1999	*	22,237,709	33,205,513	*	67.0

*Due to the June 30, 1997, change to valuing assets at market value, net assets and funded ratio are no longer reported at cost.

The **unfunded liability as a percentage of payroll** is a standard measure of the relative size of the unfunded liability. Decreases in this percentage indicate improvements in a system's financial position.

UNFUNDED LIABILITY AS A PERCENTAGE OF PAYROLL TEST (\$ thousands)

Year Ended June 30	Approximate Member Payroll	Unfunded Liability	Percentage of Payroll
1990	\$3,402,000	\$5,582,611	164.1%
1991	3,777,000	6,394,212	169.3
1992	3,976,000	6,847,391	172.2
1993	4,189,000	7,606,300	181.6
1994	4,413,000	9,754,651	221.0
1995	4,417,000	11,338,701	256.7
1996	4,734,000	11,037,867	233.1
1997	5,013,000	9,558,477	190.7
1998	5,323,000	9,942,354	186.8
1999	5,698,000	10,967,804	192.5

Beginning in FY96, unfunded liabilities are calculated using assets at market value.

The **solvency test** measures TRS' ability to cover different types of obligations if the plan was terminated and is hypothetical. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for current beneficiaries would be covered next, and the employer's obligation for active members would be covered last. Columns 1 and 2 should be fully covered by

assets. The portion of Column 3 that is covered by assets should increase over time. TRS passed the minimum standards of the solvency test in 1997, 1998, and 1999.

Other Information

Please refer to the Statistical Section for the following information:

- Average Annual Salary for Active Members by Years of Service, 1990-1999
- Active Members by Years of Age and Years of Service, June 30, 1999
- Retired Members by Years of Service and Years in Retirement, June 30, 1999
- Schedules of Average Monthly Benefits, June 30, 1999
 - Retiree Benefits
 - Disability Benefits
 - Survivor Benefits
- Retirees and Beneficiaries Added to and Removed from the Rolls, 1995-1999

The schedules appearing in the Statistical Section were prepared by TRS staff. The Statistical Section contains schedules for Revenue by Source, Expenses by Type, Benefit Expenses by Type, and Participating Employers.

SOLVENCY TEST (\$ thousands)

Year Ended June 30	Aggregate Accrued Liabilities for			Actuarial Value of Assets*	Percentage of Benefits Covered by Net Assets		
	Members' Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)		(A)	(B)	(C)
1990	\$2,167,054	\$5,121,234	\$6,374,221	\$8,079,898	100%	100%	12%
1991	2,311,850	5,742,766	7,086,718	8,747,122	100	100	10
1992	2,503,393	6,338,458	7,817,502	9,811,962	100	100	12
1993	2,709,573	7,510,618	8,265,699	10,879,590	100	100	8
1994	2,850,319	10,088,901	8,807,655	11,992,224	100	91	0
1995	2,846,405	12,702,258	8,431,903	12,641,865	100	77	0
1996	3,002,052	13,351,367	9,788,375	15,103,927	100	91	0
1997	3,329,075	13,091,057	10,531,453	17,393,108	100	100	9
1998	3,651,119	13,830,583	12,426,539	19,965,887	100	100	20
1999	3,956,022	14,935,811	14,313,680	22,237,709	100	100	23

* Beginning in FY96, assets are at market value.

Plan Summary and Changes

Administration

TRS was created and is governed by the Illinois Pension Code, Article 16. A Board of Trustees is authorized to carry out duties granted to it under the article. The Board is comprised of the state superintendent of education, four persons appointed by the governor, four elected members of TRS, and one elected annuitant. The Board of Trustees appoints an executive director who is responsible for the detailed administration of TRS.

Membership

Membership is mandatory for all full-time, part-time, and substitute public school personnel employed outside the city of Chicago in positions requiring certification. Persons employed at certain state agencies are also members.

Contributions

During FY99, members contributed 9 percent of gross creditable earnings designated as 7½ percent for retirement annuity, ½ percent for post-retirement increases, and 1 percent for death benefits. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986, are required to contribute to Medicare. In addition, virtually all members pay a ½ of 1 percent contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury that is not a part of this retirement plan.

Service Credit

A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the auspices of the United States government, substitute or part-time teaching prior to July 1, 1990, leaves of absence, involuntary layoffs, military service, and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to one year of unused, uncompensated sick leave that has been certified by former employers may also be added at retirement.

A payroll deduction program became effective July 1, 1998. Active and certain inactive members can make tax-sheltered contributions to TRS to purchase various types of optional service or to upgrade their service under the graduated retirement formula to the 2.2 formula.

Refunds

After a four-month waiting period from the date that he or she last taught, a member ceasing covered employment may withdraw all contributions, except the 1 percent death benefit. When accepting a refund, the member forfeits all service credit and benefit rights. Credit can be reestablished if the member returns to a covered position for one year or to a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.

Retirement Benefits

To be eligible to receive a monthly retirement annuity, a member must terminate active service and meet specific age and service requirements:

Years of Service	Age
5	62
10	60
20	55 (discounted)
35	55 (nondiscounted)

A member with fewer than five years of creditable service who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65.

Most members retire under a retirement benefit formula. This retirement annuity is determined by two factors: average salary and years of creditable service. Average salary is the average of the creditable earnings in the highest four consecutive years within the last 10 years of creditable service. Years of service determine the percentage of the final average salary to which members are entitled. Some members retire under a money purchase style "actuarial" benefit. By law, the higher of the formula benefit or the actuarial benefit is paid.

Years of service earned before July 1, 1998, were earned under a four-step graduated formula:

- 1.67 percent for each of years 1 through 10,
- 1.9 percent for each of years 11 through 20,
- 2.1 percent for each of years 21 through 30, and
- 2.3 percent for each year over 30.

Years of service earned after June 30, 1998, are earned at 2.2 percent of final average salary.

On May 27, 1998, former Governor Jim Edgar signed into law Public Act 90-582 which improved retirement benefits for TRS members. Public Act 90-582 changed the rate at which TRS members accrue benefits beginning

July 1, 1998, from a graduated rate to a flat rate equal to 2.2 percent of final average salary. The maximum 75 percent benefit is attained with 34 years of service under the 2.2 formula. Members who retire on or after the effective date have the option of upgrading their service earned prior to July 1, 1998, to the flat-rate 2.2 percent formula by making a payment to TRS. Additionally, for members who continue to teach, every three full years worked after July 1, 1998, count toward a full one-year reduction of the years to be upgraded.

On June 4, 1999, Governor George Ryan signed into law Public Act 91-17 which reduces the 2.2 formula upgrade cost on a sliding scale for members who have 34 or more years of service credit. The legislation also made a technical correction in the benefit accrual rate for members who do not upgrade their pre-July 1998 service.

The maximum annuity, 75 percent of final average salary, is achieved with 34 years under the 2.2 formula and with 38 years of service under the graduated formula. The minimum retirement benefit is \$25 per month for each year of creditable service with a maximum of \$750 per month for 30 or more years of service.

A money purchase (actuarial) benefit is payable if it results in a higher annuity than either the graduated or 2.2 formula. The 75 percent cap does not apply to the money purchase benefit.

Disability Benefits

TRS offers occupational and nonoccupational disability benefits to active members. Nonoccupational disability benefits are payable as disability benefits or as a disability retirement annuity to members who have three years of creditable service. There is no minimum service requirement for occupational disability benefits for duty-related accidents or illnesses. Members continue to accrue service credit while they are receiving disability benefits but not while they are receiving disability retirement annuities. On January 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased 7 percent. Thereafter, the benefit increases by 3 percent each January 1.

Death Benefits

There are two types of death benefits: a return of the member's accumulated contributions and survivor benefits.

56 The return of member contributions includes the retirement contributions (6½ percent of salary through June 30, 1998, and 7½ percent after that

date) with interest and the ½ percent paid toward annual increases in annuity. Beneficiaries of annuitants receive the accumulated contributions minus the amount that the member had already received as a retirement annuity.

Survivor benefits can be paid in either a lump-sum or a monthly payment. A lump-sum benefit is the only method payable to nondependent beneficiaries. A dependent beneficiary may choose either a lump-sum benefit or a monthly payment. Survivor benefit recipients who are beneficiaries of a retired member are eligible for an annual 3 percent increase effective January 1 following the granting of the survivor benefit. Survivor benefit recipients who are beneficiaries of an active or eligible inactive member are eligible for an annual 3 percent increase on January 1 following the first anniversary of their receiving the survivor benefit.

Early Retirement Option

Members who are age 55 or older and have more than 20 but fewer than 35 years of service may choose the Early Retirement Option (ERO) to avoid a discounted annuity. Under the ERO, both the member and the employer must make a one-time contribution. However, both the member and employer contributions are waived if the member has 34 years of service. Public Act 91-17 extended the expiration of the ERO through June 30, 2005. Members who have 35 or more years of service can retire and receive a nondiscounted annuity.

Post-Retirement Increase

Annuitants who meet certain service credit criteria receive an annual 3 percent increase in their gross annuity on the January 1 after they turn age 61 or the January 1 following their first anniversary in retirement, whichever is later.

Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; however, the member may receive a refund of contributions.

Continuity of Credit within Illinois

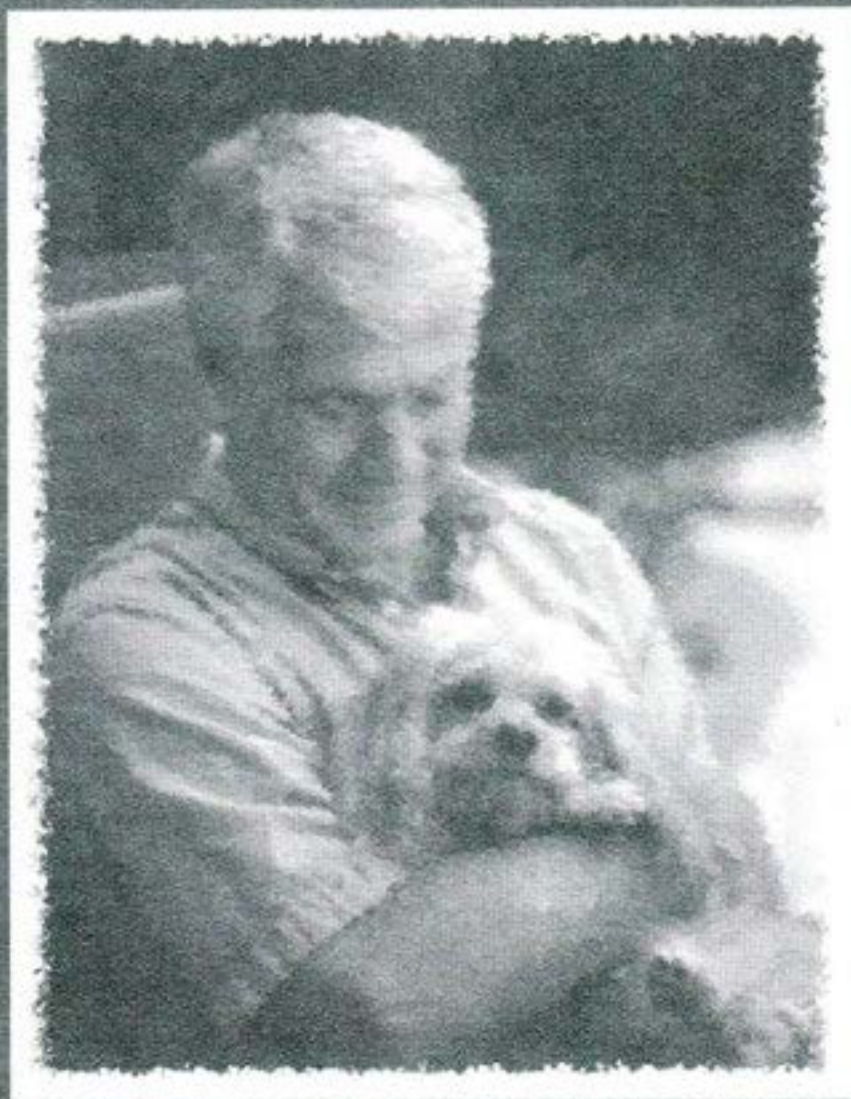
TRS is one of 13 public retirement systems that are included in the provisions of the Illinois Retirement Systems' Reciprocal Act. This act ensures continuous pension credit for public employment in Illinois.

Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between material in this summary and that of the law, the law takes precedence.

Statistical

Section



Average Annual Salary for Active Members by Years of Service

Active Members by Age and Years of Service

Retired Members by Years of Service and Years in Retirement

Average Monthly Benefits

Retirees and Beneficiaries Added to and Removed from Rolls

Revenues by Source

Expenses by Type

Schedule of Benefit Expenses by Type

Schedule of Participating Employers

AVERAGE ANNUAL SALARY FOR ACTIVE MEMBERS BY YEARS OF SERVICE (Years ended June 30)

Years of Service		1990	1991	1992	1993
0-5	Number	22,949	26,770	26,962	26,217
	Average Salary	\$23,284	\$24,752	\$25,881	\$27,051
6-10	Number	15,359	14,811	15,820	16,948
	Average Salary	\$28,158	\$30,524	\$32,141	\$33,675
11-15	Number	18,066	16,438	15,914	14,663
	Average Salary	\$32,791	\$35,078	\$37,016	\$38,714
16-20	Number	20,027	18,403	17,454	16,703
	Average Salary	\$37,984	\$40,060	\$41,984	\$43,692
21-25	Number	14,755	15,719	16,422	17,083
	Average Salary	\$41,523	\$43,958	\$46,051	\$47,942
26-30	Number	7,152	7,605	8,307	9,431
	Average Salary	\$43,316	\$45,877	\$48,438	\$51,050
31-35	Number	3,222	3,479	3,742	4,124
	Average Salary	\$46,363	\$49,046	\$52,047	\$55,598
35+	Number	457	478	539	707
	Average Salary	\$48,146	\$49,979	\$55,044	\$57,768
	Total Number	101,987	103,703	105,160	105,876
	Average Salary	\$33,024	\$35,321	\$37,193	\$39,177
	% Change Average Salary	5.4%	7.0%	5.3%	5.3%
Total Payroll					
	Full & Part-time	\$3,368,018,688	\$3,662,893,663	\$3,911,215,880	\$4,147,904,052

FY99 statistical information is subject to review by the Employer Services Department, which may result in slight modifications. Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted. Total payroll shown will be lower than payroll figures used elsewhere in this report.

1994	1995	1996	1997	1998	1999
28,573	34,193	33,700	33,134	33,325	34,831
\$28,120	\$28,851	\$29,867	\$30,717	\$31,495	\$32,430
18,158	18,757	19,716	20,340	20,329	21,540
\$35,349	\$36,465	\$37,315	\$38,170	\$39,047	\$40,320
13,380	12,686	13,013	13,830	14,571	15,461
\$40,413	\$41,715	\$42,905	\$44,258	\$45,659	\$47,430
15,916	14,775	14,579	14,295	13,004	11,969
\$45,523	\$46,662	\$47,929	\$49,309	\$50,650	\$52,477
17,233	16,030	15,754	15,235	14,494	14,006
\$49,998	\$51,295	\$52,679	\$54,096	\$55,498	\$57,256
10,134	9,608	11,474	12,977	13,904	14,541
\$54,071	\$55,543	\$56,865	\$58,168	\$59,694	\$61,866
3,523	1,930	2,456	3,525	4,845	6,018
\$58,913	\$58,460	\$59,383	\$61,434	\$63,985	\$67,373
771	541	549	611	644	692
\$60,109	\$59,672	\$61,618	\$62,841	\$65,222	\$67,453
107,688	108,520	111,241	113,947	115,116	119,058
\$40,618	\$40,455	\$41,903	\$43,398	\$44,769	\$46,306
3.7%	(0.4%)	3.6%	3.6%	3.2%	3.4%
\$4,374,071,184	\$4,390,176,600	\$4,661,331,623	\$4,945,071,906	\$5,153,628,204	\$5,513,099,748

ACTIVE MEMBERS BY AGE AND YEARS OF SERVICE (as of June 30, 1999)

Age		Subs	Years of Service				
			0-5	6-10	11-15	16-20	21-25
20-24	Number	1,986	1,586				
	Average Salary	\$3,311	\$26,667				
25-29	Number	4,004	13,379	721			
	Average Salary	\$3,968	\$30,662	\$35,928			
30-34	Number	2,147	6,646	6,687	378		
	Average Salary	\$3,297	\$33,129	\$38,207	\$43,453		
35-39	Number	2,339	3,176	3,295	4,076	282	
	Average Salary	\$3,523	\$33,618	\$40,046	\$45,412	\$49,305	
40-44	Number	3,246	3,229	2,609	2,790	3,942	659
	Average Salary	\$3,774	\$32,770	\$39,857	\$46,618	\$50,881	\$54,090
45-49	Number	3,610	3,616	3,797	3,170	3,234	7,119
	Average Salary	\$4,118	\$34,390	\$41,246	\$47,263	\$52,724	\$56,606
50-54	Number	2,863	2,247	3,139	3,262	2,619	3,866
	Average Salary	\$4,469	\$36,806	\$43,551	\$49,493	\$53,320	\$58,387
55-59	Number	1,498	748	1,025	1,388	1,401	1,712
	Average Salary	\$4,348	\$38,425	\$44,744	\$50,788	\$54,428	\$58,460
60-64	Number	796	161	224	343	408	537
	Average Salary	\$3,689	\$40,838	\$45,270	\$50,579	\$54,976	\$57,537
65-69	Number	407	34	37	47	77	101
	Average Salary	\$3,611	\$42,653	\$42,751	\$48,786	\$56,711	\$58,189
70-74	Number	175	9	4	6	5	11
	Average Salary	\$2,987	\$53,179	\$41,426	\$47,190	\$66,121	\$61,291
74 +	Number	57		2	1	1	1
	Average Salary	\$3,360		\$51,050	\$34,068	\$79,620	\$53,402
Total Number		23,128	34,831	21,540	15,461	11,969	14,006
Average Salary		\$3,862	\$32,430	\$40,320	\$47,430	\$52,477	\$57,256

		<u>Years of Service</u>					
26-30	31-35	36-40	41-45	46-50	51-55	Totals	
						1,586	
						\$26,667	
						14,100	
						\$30,931	
						13,711	
						\$35,891	
						10,829	
						\$40,422	
1						13,230	
\$60,195						\$43,548	
1,409						22,345	
\$59,724						\$48,710	
9,590	1,354					26,077	
\$61,883	\$65,562					\$54,778	
2,719	4,028	171				13,192	
\$63,139	\$68,327	\$67,254				\$59,114	
664	514	354	18			3,223	
\$60,972	\$64,977	\$68,293	\$62,784			\$57,891	
125	96	62	50	2		631	
\$60,850	\$66,559	\$72,756	\$61,909	\$53,011		\$59,076	
30	19	6	12	7	1	110	
\$64,618	\$66,893	\$55,230	\$71,374	\$65,972	\$36,950	\$62,076	
3	7	3	3		3	24	
\$72,372	\$57,169	\$51,303	\$54,095		\$51,979	\$56,609	
14,541	6,018	596	83	9	4	119,058	
\$61,866	\$67,373	\$68,242	\$63,185	\$63,092	\$48,221	\$46,306	

Total Full- and Part-time Members	119,058
Total Substitutes	23,128
Total Active Members	142,186

RETIRED MEMBERS BY YEARS OF SERVICE AND YEARS IN RETIREMENT (as of June 30, 1999)

Years Retired		Years of Service				
		1-5	6-10	11-15	16-20	21-25
1-5	Number	665	539	386	471	752
	Average Benefit	\$228	\$555	\$789	\$1,311	\$1,768
	Average Original Benefit	\$219	\$529	\$750	\$1,257	\$1,719
6-10	Number	540	567	655	942	2,034
	Average Benefit	\$199	\$503	\$764	\$1,112	\$1,602
	Average Original Benefit	\$163	\$408	\$622	\$912	\$1,329
11-15	Number	398	527	615	1,065	1,586
	Average Benefit	\$166	\$392	\$657	\$1,088	\$1,435
	Average Original Benefit	\$108	\$250	\$450	\$768	\$1,023
16-20	Number	233	283	594	1,019	1,295
	Average Benefit	\$147	\$334	\$566	\$887	\$1,157
	Average Original Benefit	\$82	\$183	\$328	\$541	\$716
21-25	Number	144	217	433	800	990
	Average Benefit	\$118	\$302	\$472	\$702	\$906
	Average Original Benefit	\$55	\$136	\$229	\$364	\$479
26-30	Number	71	115	218	456	602
	Average Benefit	\$55	\$235	\$408	\$593	\$755
	Average Original Benefit	\$7	\$87	\$156	\$239	\$326
31-35	Number	10	17	45	116	166
	Average Benefit	\$60	\$268	\$383	\$544	\$661
	Average Original Benefit	\$1	\$51	\$75	\$135	\$192
36-40	Number	1		6	37	107
	Average Benefit	\$10		\$436	\$556	\$657
	Average Original Benefit	\$1		\$42	\$106	\$138
41-45	Number				5	18
	Average Benefit				\$551	\$654
	Average Original Benefit				\$71	\$84
46-50	Number				1	3
	Average Benefit				\$591	\$656
	Average Original Benefit				\$30	\$45
50 +	Number				1	1
	Average Benefit				\$494	\$657
	Average Original Benefit				\$15	\$42
	Total Number	2,062	2,265	2,952	4,913	7,554
	Average Benefit	\$185	\$434	\$629	\$946	\$1,312
	Average Original Benefit	\$148	\$327	\$442	\$659	\$962

Years of Service						Total	Average Age
26-30	31-35	36-40	41-45	46-50	50 +		
957	1,776	1,654	133	14	2	7,349	
\$2,595	\$3,534	\$4,184	\$4,016	\$4,161	\$3,222	\$2,583	61
\$2,509	\$3,441	\$3,916	\$3,819	\$3,957	\$2,985	\$2,472	
2,881	4,898	5,951	125	16	3	18,612	
\$2,147	\$2,850	\$3,536	\$3,809	\$3,203	\$2,810	\$2,521	64
\$1,808	\$2,427	\$3,016	\$3,130	\$2,589	\$2,375	\$2,137	
1,725	2,072	1,256	88	22	4	9,358	
\$1,939	\$2,679	\$3,272	\$2,859	\$2,938	\$2,271	\$1,864	72
\$1,382	\$1,918	\$2,327	\$2,018	\$2,106	\$1,626	\$1,325	
1,291	1,512	627	107	26	2	6,989	
\$1,593	\$2,196	\$2,543	\$2,336	\$2,505	\$1,635	\$1,453	77
\$994	\$1,381	\$1,605	\$1,453	\$1,577	\$1,030	\$905	
874	857	604	153	26	2	5,100	
\$1,214	\$1,590	\$1,933	\$1,964	\$1,820	\$1,873	\$1,115	83
\$657	\$867	\$1,051	\$1,059	\$963	\$946	\$597	
588	592	636	313	51	2	3,644	
\$966	\$1,270	\$1,553	\$1,514	\$1,404	\$1,242	\$1,015	88
\$436	\$605	\$747	\$714	\$647	\$564	\$466	
162	129	143	81	15		884	
\$801	\$931	\$1,041	\$1,088	\$1,089		\$790	92
\$250	\$339	\$403	\$432	\$427		\$266	
87	100	66	13			417	
\$788	\$858	\$921	\$977			\$770	94
\$194	\$239	\$310	\$348			\$203	
22	12	6	1			64	
\$777	\$841	\$846	\$999			\$747	97
\$112	\$196	\$186	\$350			\$127	
5	2					11	
\$771	\$844					\$736	99
\$60	\$158					\$71	
						2	
						\$575	103
						\$29	
8,592	11,950	10,943	1,014	170	15	52,430	
\$1,853	\$2,631	\$3,293	\$2,355	\$2,203	\$2,230	\$1,983	71
\$1,416	\$2,112	\$2,700	\$1,635	\$1,462	\$1,645	\$1,559	

Average Monthly Benefits

RETIREMENT BENEFITS (as of June 30, 1999)		
Average age: all retirees		71
Average service: all retirees		28 years
Average age: 2,682 FY99 retirees		60
Average service: 2,682 FY99 retirees		27 years
Average monthly benefits: 2,682 FY99 retirees including 474 retirees under provisions of early retirement option		\$2,772
Oldest annuitant		105

Age	Count	Average Benefit
51-55	793	\$2,379
56-60	7,132	2,829
61-65	9,755	2,573
66-70	9,782	2,213
71-75	8,124	1,851
76-80	6,486	1,400
81-85	4,849	1,170
86-90	3,464	1,029
90+	2,045	881
Total	52,430	Weighted Average \$1,983

DISABILITY BENEFITS ¹ (as of June 30, 1999)		
Average age: All recipients		56
Average service: All recipients		17 years
Average age: 351 new FY99 disability recipients		44
Average service: 351 new FY99 disability recipients		14 years
Average monthly benefits: 351 new FY99 disability recipients		\$1,435

Age	Count	Average Benefit
26-30	17	\$1,056
31-35	31	1,114
36-40	23	1,134
41-45	65	1,166
46-50	166	1,354
51-55	236	1,515
56-60	150	1,435
61-65	117	1,379
66-70	70	1,039
71-75	60	910
76-80	46	723
81-85	18	610
86-90	1	457
90+	8	509
Total	1,008	Weighted Average \$1,279

¹ Includes 395 individuals who are receiving temporary or occupational disability benefits and are counted as active members. The remaining 613 individuals receive permanent disability benefits.

SURVIVOR BENEFITS ² (as of June 30, 1999)

Average age: All recipients		75
Average age: 599 new FY99 survivor benefits recipients		71
Average monthly benefits: 599 new FY99 survivor benefits recipients		\$834
Age	Count	Average Benefit
6-10	12	\$336
11-15	39	374
16-20	70	426
21-25	18	416
26-30	2	740
31-35	4	682
36-40	9	662
41-45	19	804
46-50	76	874
51-55	198	958
56-60	364	1,038
61-65	539	1,074
66-70	806	960
71-75	1,020	822
76-80	1,133	646
81-85	1,186	568
86-90	924	490
90+	451	398
Total	6,870	Weighted Average \$720

² An additional \$10.7 million was paid in death benefits to survivors of active, inactive, and retired members as refunds of various types of contributions.

RETIRES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS (for fiscal year ended June 30)

	Number at Beginning of Year	Added to Rolls	Removed from Rolls	Number at End of Year	End-of-Year Annual Allowances		Average Annual Allowance	
					Amount	% Increase	Amount	% Increase
1995	54,888	6,822	2,076	59,634	\$1,074,305,808	22.2%	\$18,015	12.6%
1996	59,634	2,063	2,033	59,664	\$1,132,033,161	5.4%	\$18,973	5.3%
1997	59,664	1,847	2,159	59,352	\$1,173,889,332	3.7%	\$19,778	4.2%
1998	59,352	1,954	2,156	59,150	\$1,218,829,800	3.8%	\$20,606	4.2%
1999	59,150	3,445	2,287	60,308	\$1,322,451,864	8.5%	\$21,928	6.4%

REVENUES BY SOURCE (in millions)

Year Ended June 30	Member Contributions	Employer Contributions	Employer Contributions as a Percentage of Annual Covered Payroll	Net Investment Income ¹	Other Employer Contributions ²	Total
1994	\$413	\$278	6.3%	\$989	\$205	\$1,885
1995	431	279	6.3	771	319	1,800
1996	399	341	7.2	2,096	48	2,884
1997	417	395	7.9	2,644	26	3,482
1998	441	478	9.0	2,873	25	3,817
1999	866	604	10.6	2,090	33	3,593

¹Figures for 1996 through 1999 include realized gains and losses and unrealized appreciation or depreciation of investments. Preceding years include only realized gains and losses.

²Includes ERO, ERI, minimum retirement, and supplemental contributions. These amounts are not counted for actuarial purposes.

EXPENSES BY TYPE (in millions)

Year Ended June 30	Benefits	Health Insurance	Refunds	Administrative and Other Expenses	Total
1994	\$824	\$50	\$22	\$11	\$907
1995	1,074	38	29	10	1,151
1996	1,122	0	22	11	1,155
1997	1,161	0	22	10	1,193
1998	1,210	0	24	10	1,244
1999	1,284	0	26	11	1,321

SCHEDULE OF BENEFIT EXPENSES BY TYPE (in millions)

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total
1994	\$773	\$41	\$10	\$824
1995	1,019	45	10	1,074
1996	1,061	50	11	1,122
1997	1,097	52	12	1,161
1998	1,139	58	13	1,210
1999	1,206	63	15	1,284

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

SCHEDULE OF PARTICIPATING EMPLOYERS

A C CENTRAL C.U.S.D. #262	AVOCA S.D. #37	BRACEVILLE S.D. #75
ABINGDON C.U.S.D. #217	AVON C.U.S.D. #176	BRADFORD C.U.S.D. #1
ADAMS/PIKE COUNTIES ROE	BAC REGIONAL VOCATIONAL SYSTEM	BRADLEY BOURBONNAIS C.H.S.D. #307
ADDISON S.D. #4	BALL CHATHAM C.U.S.D. #5	BRADLEY S.D. #61
ADLAI E. STEVENSON H.S.D. #125	BANNOCKBURN S.D. #106	BREESE S.D. #12
AEROSPEC. ED. COOP	BARRINGTON C.U.S.D. #220	BREMEN C.H.S.D. #228
AKIN C.C.S.D. #91	BARRY C.U.S.D. #1	BRIMFIELD C.U.S.D. #309
ALBERS S.D. #63	BARTELSON S.D. #57	BROOKFIELD S.D. #95
ALDEN HEBRON S.D. #19	BARTONVILLE S.D. #66	BROOKLYN U.D. #188
ALEDO C.U.S.D. #201	BATAVIA U.S.D. #101	BROOKWOOD S.D. #167
ALEXIS C.U.S.D. #400	BEACH PARK C.C.S.D. #3	BROWN COUNTY C.U.S.D. #1
ALLEN TOWNSHIP C.U.S.D. #65	BEARDSTOWN C.U.S.D. #15	BROWN/CASS/MORGAN/SCOTT COUNTIES ROE
ALLEDALE C.C.S.D. #17	BÉCK AREA CAREER CENTER	BROWNSTOWN C.U.S.D. #201
ALSIP/HALZGRN/OAKLWN S.D. #126	BEECHER C.U.S.D. #200U	BRUSSELS C.U.S.D. #42
ALTAMONT C.U.S.D. #10	BEECHER CTY C.U.S.D. #20	BUNCOMBE C.S.D. #43
ALTON C.U.S.D. #11	BELLE VALLEY S.D. #119	BUNKER HILL C.U.S.D. #8
ALTON MENTAL HLTH CTR	BELLEVILLE AREA SPECIAL SERVICE COOP	BURBANK S.D. #111
ALWOOD C.U.S.D. #225	BELLEVILLE S.D. #118	BUREAU VALLEY C.U.S.D. #340
ALXNDR/JOHN/MASC/PLSKI/UN COUNTIES ROE	BELLEVILLE TWP H.S.D. #201	BURNHAM S.D. #154.5
AMBOY C.U.S.D. #272	BELLWOOD S.D. #88	BUSHNELL PRAIRIE CITY C.U.S.D. #170
ANNA C.C.S.D. #37	BELVIDERE C.U.S.D. #100	BUTLER S.D. #53
ANNA-JONESBORO C.H.S.D. #81	BEMENT C.U.S.D. #5	BYRON C.U.S.D. #226
ANNAWAN C.U.S.D. #226	BENJAMIN S.D. #25	CAHOKIA C.U.S.D. #187
ANTIOCH C.C.S.D. #34	BENSENVILLE S.D. #2	CAIRO C.U.S.D. #1
ANTIOCH C.H.S.D. #117	BENTON C.C.S.D. #47	CALHOUN C.U.S.D. #40
APTAKISIC-TRIPP C.C.S.D. #102	BENTON C.H.S.D. #103	CALHOUN/GREENE/JERSEY/MACOUPIN COUNTIES ROE
ARBOR PARK S.D. #145	BERKELEY S.D. #87	CALUMET CITY S.D. #155
ARCOLA C.U.S.D. #306	BERWYN NORTH S.D. #98	CALUMET PUBLIC S.D. #132
AREA 3 LEARNING TECHNOLOGY HUB	BERWYN SOUTH S.D. #100	CAMBRIDGE C.U.S.D. #227
ARGENTA-OREANA C.U.S.D. #1	BETHALTO C.U.S.D. #8	CAMP POINT C.U.S.D. #3
ARGO C.H.S.D. #217	BETHANY C.U.S.D. #301	CANTON UNION S.D. #66
ARGO/SUMMIT S.D. #104	BETHEL S.D. #82	CAPITAL AREA CAREER CENTER
ARLINGTON HEIGHTS S.D. #25	BI CO SPEC ED COOP	CARBON CLIFF-BARSTOW S.D. #36
ARMSTRONG TWP H.S.D. #225	BIG HOLLOW S.D. #38	CARBONDALE C.H.S.D. #165
ARMSTRONG-ELLIS C.S.D. #61	BISMARCK C.U.S.D. #1	CARBONDALE E.S.D. #95
ARTHUR C.U.S.D. #305	BLACKHAWK AREA SP ED	CAREER DEVELOPMENT SYSTEM
ASHLEY C.C.S.D. #15	BLOOM TWP H.S.D. #206	CAREER PREPARATION NETWORK
ASHTON C.U.S.D. #275	BLOOMINGDALE S.D. #13	CAREER TEC
ASTORIA C.U.S.D. #1.5	BLOOMINGTON S.D. #87	CARLINVILLE C.U.S.D. #1
ATHENS C.U.S.D. #213	BLUE RIDGE C.U.S.D. #18	CARLYLE C.U.S.D. #1
ATWOOD HAMMOND C.U.S.D. #39	BLUFORD C.C.S.D. #114	CARMI-WHITE COUNTY C.U.S.D. #5
ATWOOD HEIGHTS S.D. #125	BMP TRI-COUNTY SPEC ED COOP	CARRIER MILLS-STONEFORT C.U.S.D. #2
AUBURN C.U.S.D. #10	BOND COUNTY C.U.S.D. #2	CARROLL/JO DAV/STEPHENSON COUNTIES ROE
AURORA EAST U.S.D. #131	BOND/EFFINGHAM/FAYETTE COUNTIES ROE	
AURORA WEST U.S.D. #129	BOONE/WINNEBAGO ROE	
AVISTON S.D. #21	BOURBONNAIS S.D. #53	

SCHEDULE OF PARTICIPATING EMPLOYERS

CARROLL/JO DAV/STPHNSN/COUNTIES REGIONAL PROGRAM	COAL CITY C.U.S.D. #1	DELAVAN C.U.S.D. #703
CARROLLTON C.U.S.D. #1	COBDEN U.S.D. #17	DEPUE U.S.D. #103
CARTERVILLE C.U.S.D. #5	COLCHESTER C.U.S.D. #180	DES PLAINES C.C.S.D. #62
CARTHAGE C.U.S.D. #338	COLLINSVILLE C.U.S.D. #10	DESOTO C.C.S.D. #86
CARY C.C.S.D. #26	COLONA S.D. #190	DEWITT/LIVINGSTON/MCLEAN COUNTIES ROE
CASEY-WESTFIELD C.U.S.D. #4C	COLUMBIA C.U.S.D. #4	DIAMOND LAKE S.D. #76
CASS S.D. #63	COMM UNIT SCHOOL DIST #300	DIETERICH C.U.S.D. #30
CATLIN C.U.S.D. #5	COMMUNITY C.S.D. #204	DIMMICK C.C.S.D. #175
CENTER CASS S.D. #66	COMMUNITY C.S.D. #93	DISTRICT 50 SCHOOLS OF TAZEWELL
CENTRAL A&M C.U.S.D. #21	COMMUNITY C.S.D. #180	DIVERNON C.U.S.D. #13
CENTRAL C.H.S. #71	COMMUNITY CONS. S.D. #59	DIXON U.S.D. #170
CENTRAL C.U.S.D. #301	COMMUNITY H.S.D. #155	DODDS C.C.S.D. #7
CENTRAL C.U.S.D. #4	COMMUNITY H.S.D. #218	DOLTON S.D. #149
CENTRAL CITY S.D. #133	COMMUNITY U.S.D. #16	DOLTON S.D. #148
CENTRAL S.D. #104	COMMUNITY U.S.D. #4	DONGOLA S.U.D. #66
CENTRAL S.D. #51	COMMUNITY U.S.D. #200	DONOVAN C.U.S.D. #3
CENTRAL STICKNEY S.D. #110	CONSOLIDATED H.S.D. #230	DOWNERS GROVE C.H.S. #99
CENTRALIA H.S.D. #200	COOK COUNTY COMPTROLLER/ROE	DOWNERS GROVE G.S.D. #58
CENTRALIA S.D. #135	COOK COUNTY S.D. #130	DUNLAP C.U.S.D. #323
CENTURY C.U.S.D. #100	CORNELL C.C.S.D. #426	DUPAGE COUNTY ROE
CERRO GORDO C.U.S.D. #100	COULTERVILLE U.S.D. #1	DUPAGE H.S.D. #88
CHADWICK-MILLEDGEVILLE C.U.D. #399	COUNTRY CLUB HILLS S.D. #160	DUPO C.U.S.D. #196
CHAMPAIGN C.U.S.D. #4	COWDEN-HERRICK C.U.D. # 3A	DUQUOIN C.U.S.D. #300
CHAMPAIGN/FORD COUNTIES ROE	CRAB ORCHARD C.U.S.D. #3	DURAND C.U.S.D. #322
CHANEY-MONGE S.D. #88	CRESCENT CITY C.C.S.D. #275	DWIGHT COMMON S.D. #232
CHANNAHON S.D. #17	CRESCENT IROQUOIS C.U.S.D. #252	DWIGHT TWP H.S.D. #230
CHARLESTON C.U.S.D. #1	CRESTON C.C.S.D. #161	EARLVILLE C.U.S.D. #9
CHENOA C.U.S.D. #9	CRETE MONEE C.U.S.D. #201U	EAST ALTON S.D. #13
CHERRY S.D. #92	CREVE COEUR S.D. #76	EAST ALTON-WOOD RIVER C.H.S. #14
CHESTER C.U.S.D. #139	CRYSTAL LAKE C.C.S.D. #47	EAST COLOMA S.D. #12
CHESTER-EAST LINCOLN C.C.S.D. #54	CUMBERLAND C.U.S.D. #77	EAST DUBUQUE U.S.D. #119
CHICAGO HEIGHTS S.D. #170	CYPRESS S.D. #64	EAST MAINE S.D. #63
CHICAGO RIDGE S.D. #127.5	DAKOTA C.U.S.D. #201	EAST MOLINE S.D. #37
CHRISTIAN/MONTGOMERY COUNTIES ROE	DALLAS CITY C.U.S.D. #336	EAST PEORIA C.H.S.D. #309
CHRISTOPHER C.H.S.D. #38	DALZELL S.D. #98	EAST PEORIA S.D. #86
CHRISTOPHER C.U.S.D. #34	DAMIANSVILLE S.D. #62	EAST PRAIRIE S.D. #73
CICERO S.D. #99	DANVILLE C.C.S.D. #118	EAST RICHLAND C.U.S.D. #1
CISSNA PARK C.U.S.D. #6	DARIEN S.D. #61	EAST ST LOUIS S.D. #189
CLAY CITY C.U.S.D. #10	DECATUR S.D. #61	EASTERN IL. AREA SPEC ED COOP
CLAY/CWFRD/JSPR/LWRN/RHLND COUNTIES ROE	DEER CREEK-MACKINAW C.U.S.D. #701	EASTERN IL. ED FOR EMPLOYMENT SYSTEM
CLINTON C.U.S.D. #15	DEER PARK C.C.S.D. #82	EASTLAND C.U.S.D. #308
CLINTON/MARION/WASHINGTON COUNTIES ROE	DEERFIELD S.D. #109	EDGAR COUNTY C.U.S.D. #6
CLK/CLS/CMBN/DG/ED/MLTR/SHELBY COUNTIES ROE	DEKALB C.U.S.D. #428	EDINBURG C.U.S.D. #4
	DEKALB COUNTY ROE	EDUC FOR EMPLOYMENT SYSTEM
	DEKALB COUNTY SPEC. ED.	EDUCATION FOR EMPLOYMENT
	DELABAR VOC ED REG	
	DELAND-WELDON C.U.S.D. #57	

SCHEDULE OF PARTICIPATING EMPLOYERS

EDUCATIONAL DEVELOP CENTER	FOX LAKE GRADE S.D. #114	GRANT C.H.S.D. #124
EDUCATIONAL THERAPY CENTER	FOX RIVER GROVE C.S.D. #3	GRANT PARK C.U.S.D. #6
EDWARDS COUNTY C.U.S.D. #1	FRANKFORT C.C.S.D. #157C	GRASS LAKE S.D. #36
EDWARDSVILLE C.U.S.D. #7	FRANKFORT C.U.S.D. #168	GRAYSLAKE C.C.S.D. #46
EDWD/GLTN/HIDIN/POP/SLN/WBH	FRANKLIN C.U.S.D. #1	GRAYSLAKE C.H.S.D. #127
COUNTIES ROE	FRANKLIN PARK S.D. #84	GRAYVILLE C.U.S.D. #1
EFFINGHAM C.U.S.D. #40	FRANKLIN/JEFFERSON COUNTIES SPEC. ED.	GREENFIELD C.U.S.D. #10
EGYPTIAN C.U.S.D. #5	FRANKLIN/WILLIAMSON COUNTIES ROE	GREENVIEW C.U.S.D. #200
EISENHOWER COOPERATIVE	FREEBURG C.C.S.D. #70	GRIDLEY C.U.S.D. #10
EL PASO C.U.S.D. #375	FREEBURG C.H.S.D. #77	GRIGGSVILLE-PERRY C.U.S.D. #4
ELDORADO C.U.S.D. #4	FREEPORT S.D. #145	GRUNDY AREA VOCATIONAL CENTER
ELEMENTARY S.D. #159	FREMONT S.D. #79	GRUNDY/KENDALL COUNTIES ROE
ELMHURST S.D. #205	FULTON COUNTY C.U.S.D. #3	GURNEE S.D. #56
ELMWOOD C.U.S.D. #322	FULTON/SCHUYLER COUNTIES ROE	HALL TWP H.S.D. #502
ELMWOOD PARK C.U.S.D. #401	GALATIA C.U.S.D. #1	HAMILTON C.C.S.D. #328
ELVERADO C.U.S.D. #196	GALENA U.S.D. #120	HAMILTON COUNTY C.U.S.D. #10
ELWOOD C.C.S.D. #203	GALESBURG C.U.S.D. #205	HAMILTON/JEFFERSON COUNTIES ROE
EMMONS S.D. #33	GALLATIN C.U.S.D. #7	HAMPTON S.D. #29
ERIE C.U.S.D. #1	GALVA C.U.S.D. #224	HANCOCK/MCDONOUGH COUNTIES ROE
ESWOOD C.C.S.D. #269	GARDNER C.C.S.D. #72C	HARDIN COUNTY C.U.S.D. #1
EUREKA C.U.S.D. #140	GARDNER SOUTH WILMINGTON H.S.D. #73	HARLEM U.S.D. #122
EVANSTON C.C.S.D. #65	GAVIN S.D. #37	HARMONY EMGE S.D. #175
EVANSTON TWP H.S.D. #202	GEFF C.C.S.D. #14	HARRISBURG C.U.S.D. #3
EVERGREEN PARK C.H.S.D. #231	GEN GEO PATTON S.D. #133	HARRISON S.D. #36
EVERGREEN PARK E.S.D. #124	GENESEB C.U.S.D. #228	HARTSBURG EMDEN C.U.S.D. #21
EWING NORTHERN C.C.D. #115	GENEVA C.U.S.D. #304	HARVARD C.U.S.D. #50
FAIRFIELD C.H.S.D. #225	GENOA-KINGSTON C.U.S.D. #424	HARVEY S.D. #152
FAIRFIELD P.S.D. #112	GEORGETOWN-RIDGE FARM C.U.D. #4	HAVANA C.U.S.D. #126
FAIRMONT S.D. #89	GERMANTOWN HILLS S.D. #69	HAWTHORN C.C.S.D. #73
FARMINGTON CENTRAL C.U.S.D. #265	GERMANTOWN S.D. #60	HAZEL CREST S.D. #152-5
FARRINGTON C.C.S.D. #99	GIANT CITY C.C.S.D. #130	HENRY-SENACHWINE C.U.S.D. #5
FENTON C.H.S.D. #100	GIBSON CTY-MELVIN-SIBLEY #5	HERITAGE C.U.S.D. #8
FIELD C.C.S.D. #3	GIFFORD C.C.S.D. #188	HERRIN C.U.S.D. #4
FIELDCREST C.U.S.D. #6	GILLESPIE C.U.S.D. #7	HERSCHER C.U.S.D. #2
FINDLAY C.U.S.D. #2	GIRARD C.U.S.D. #3	HEYWORTH C.U.S.D. #4
FISHER C.U.S.D. #1	GLEN ELLYN C.C.S.D. #89	HIAWATHA C.U.S.D. #426
FIVE COUNTY VOC SYSTEM	GLEN ELLYN S.D. #41	HIGH MOUNT S.D. #116
FLANAGAN C.U.S.D. #4	GLENBARD TWP H.S.D. #87	HIGHLAND C.U.S.D. #5
FLORA C.U.S.D. #35	GLENCOE S.D. #35	HIGHLAND PARK TWP H.S.D. #113
FLOSSMOOR S.D. #161	GLENVIEW C.C.S.D. #34	HILLSBORO C.U.S.D. #3
FORD HEIGHTS S.D. #169	GOLF E.S.D. #67	HILLSIDE S.D. #93
FORD IROQUOIS COUNTY SPEC. ED	GOREVILLE C.U.S.D. #1	HINCKLEY BIG ROCK C.U.S.D. #429
FOREST PARK S.D. #91	GOWER S.D. #62	HINSDALE C.C.S.D. #181
FOREST RIDGE S.D. #142	GRAND PRAIRIE C.C.S.D. #6	HINSDALE TWP H.S.D. #86
FORRESTVILLE VALLEY C.U.S.D. #221	GRAND RIDGE C.C.S.D. #95	HOLLIS C.S.D. #328
FORT BOWMAN ACADEMY CHARTER SCHL	GRANITE CITY C.U.S.D. #9	HOMER C.C.S.D. #33
FOUR RIVERS SPECIAL EDUC	GRANT C.C.S.D. #110	HOMWOOD S.D. #153

SCHEDULE OF PARTICIPATING EMPLOYERS

HOMEWOOD-FLOSSMOOR C.H.S.D. #233	KANKAKEE AREA CAREER CTR	LEMONT TWP H.S.D. #210
HONONEGAH C.H.S.D. #207	KANKAKEE AREA SPEC. ED. COOP #850	LEMONT/BROMBEREK C.S.D. #113
HOOPESTON AREA C.U.S.D. #11	KANKAKEE S.D. #111	LENA WINSLOW C.U.S.D. #202
HOOVER SCHRUM MEMORIAL S.D. #157	KANSAS C.U.S.D. #3	LEROY C.U.S.D. #2
HOYLETON C.S.D. #29	KASKASKIA SPEC. ED. #801	LEWISTOWN C.U.S.D. #97
HUNTLEY C.S.D. #158	KEENEYVILLE S.D. #20	LEXINGTON C.U.S.D. #7
HUTSONVILLE C.U.S.D. #1	KELL C.S.D. #2	LEYDEN C.H.S.D. #212
IL. DEPT. OF HUMAN SERVICES	KENDALL COUNTY SPEC. ED. COOP	LIBERTY C.U.S.D. #2
IL. EDUCATION ASSOCIATION	KENILWORTH S.D. #38	LIBERTYVILLE C.H.S.D. #128
IL. FEDERATION OF TEACHERS	KEWANEE C.U.S.D. #229	LIBERTYVILLE S.D. #70
IL. STATE BOARD OF EDUCATION	KILDEER COUNTRYSIDE C.C.S.D. #96	LICK CREEK C.C.S.D. #16
IL. VALLEY CENTRAL U.S.D. #321	KILEY DEVELOPMENTAL CENTER	LIMESTONE C.H.S.D. #310
IL. DEPT OF CORRECTIONS S.D. #428	KINGS C.S.D. #144	LIMESTONE WALTERS C.C.S.D. #316
ILLINI BLUFFS C.U.S.D. #327	KINNIKINNICK C.C.S.D. #131	LINCOLN C.H.S.D. #404
ILLINI CENTRAL C.U.S.D. #189	KIRBY S.D. #140	LINCOLN E.S.D. #27
ILLINOIS ASSN. OF SCHL. BOARDS	KNOX COUNTY ROE	LINCOLN E.S.D. #156
ILLIOPOLIS C.U.S.D. #12	KNOXVILLE C.U.S.D. #202	LINCOLN WAY C.H.S.D. #210
INA C.C.S.D. #8	KOMAREK S.D. #94	LINCOLNSHIRE-PRAIRIEVIEW S.D. #103
INDIAN CREEK C.U.S.D. #425	LA GRANGE AREA DEPT. SPEC. ED.	LINCOLN-WAY AREA SPEC. ED.
INDIAN PRAIRIE C.U.S.D. #204	LA GRANGE S.D. #102	LINCOLNWOOD S.D. #74
INDIAN SPRINGS S.D. #109	LA GRANGE SOUTH S.D. #105	LINDOP S.D. #92
INDIAN VALLEY AREA VOC CENTER	LA GRANGE/HIGHLANDS S.D. #106	LISBON C.C.S.D. #90
INDUSTRY C.U.S.D. #165	LA HARPE C.U.S.D. #335	LISLE C.U.S.D. #202
IROQUOIS AREA REG DELIVERY SYS	LADD C.C.S.D. #94	LITCHFIELD C.U.S.D. #12
IROQUOIS COUNTY C.U.S.D. #9	LAKE COUNTY ROE	LIVINGSTON C.C.S.D. #4
IROQUOIS WEST C.U.S.D. #10	LAKE BLUFF ELEMENTARY S.D. #65	LIVINGSTON COUNTY ALTERNATIVE SCHL.
IROQUOIS/KANKAKEE COUNTIES ROE	LAKE CO AREA VOC SYSTEM	LOCKPORT AREA SPEC. ED. COOP
IRVINGTON C.C.S.D. #11	LAKE COUNTY SPEC. ED.	LOCKPORT S.D. #91
ITASCA S.D. #10	LAKE FOREST C.H.S.D. #115	LOCKPORT TWP H.S.D. #205
IUKA C.C.S.D. #7	LAKE FOREST S.D. #67	LOGAN C.C.S.D. #110
J.S. MORTON H.S.D. #201	LAKE PARK C.H.S.D. #108	LOGAN/MASON/MENARD COUNTIES ROE
JACKSON/PERRY COUNTIES ROE	LAKE VILLA C.C.S.D. #41	LOMBARD S.D. #44
JACKSONVILLE S.D. #117	LAKE ZURICH C.U.S.D. #95	LOSTANT C.U.S.D. #425
JAMAICA C.U.S.D. #12	LAMOILLE C.U.S.D. #303	LOVINGTON C.U.S.D. #303
JAMP SPECIAL EDUCATION SERV.	LANSING S.D. #158	LOWPOINT-WASHBURN C.U.S.D. #21
JASPER C.C.S.D. #17	LARAWAY C.C.S.D. #70	LUDLOW C.C.S.D. #142
JASPER COUNTY C.U.S.D. #1	LASALLE COUNTY ROE	LYONS S.D. #103
JERSEY C.U.S.D. #100	LASALLE E.S.D. #122	LYONS TWP H.S.D. #204
JO DAVIESS/CARROLL AREA VOC CTR	LASALLE-PERU TWP H.S.D. #120	MACOMB C.U.S.D. #185
JOHNSBURG C.U.S.D. #12	LASALLE-PUTNAM EDUC. ALLIANCE	MACON/PIATT COUNTIES ROE
JOHNSTON CITY C.U.S.D. #1	SPEC. ED.	MADISON C.U.S.D. #12
JOLIET S.D. #86	LAWRENCE COUNTY C.U.S.D. #20	MADISON COUNTY REGION II SPEC. ED.
JOLIET TWP H.S.D. #204	LEBANON C.U.S.D. #9	MAERCKER S.D. #60
JONESBORO C.C.S.D. #43	LEE CENTER C.U.S.D. #271	MAHOMET-SEYMOUR C.U.S.D. #3
JOPPA-MAPLE GROVE U.S.D. #38	LEEOGLE COUNTIES ROE	MAINE TWP H.S.D. #207
KANE COUNTY ROE	LEPERTOWN C.C.S.D. #175	MALDEN C.C.S.D. #84
KANELAND C.U.S.D. #302	LELAND C.U.S.D. #1	MALTA C.U.S.D. #433

SCHEDULE OF PARTICIPATING EMPLOYERS

MANHATTAN S.D. #114	MOMENCE C.U.S.D. #1	NORTH BOONE C.U.S.D. #200
MANNHEIM S.D. #83	MONMOUTH U.S.D. #38	NORTH CENTRAL REG EDUC LAB
MANTENO C.U.S.D. #5	MONROE S.D. #70	NORTH CHICAGO S.D. #187
MARENGO C.H.S.D. #154	MONROE/RANDOLPH COUNTIES ROE	NORTH CLAY C.U.S.D. #25
MARENGO-UNION E.C.S.D. #1650	MONTICELLO C.U.S.D. #25	NORTH DUPAGE SPEC. ED. COOP
MARION C.U.S.D. #2	MONTMORENCY C.C.S.D. #145	NORTH GREENE U.S.D. #3
MARISSA C.U.S.D. #40	MORRIS C.H.S.D. #101	NORTH PALOS S.D. #117
MAROA FORSYTH C.U.S.D. #2	MORRIS S.D. #54	NORTH PEKIN-MARQUETTE HTS S.D. #102
MARQUARDT S.D. #15	MORRISON C.U.S.D. #6	NORTH SHORE S.D. #112
MARSEILLES E.S.D. #150	MORRISONVILLE C.U.S.D. #1	NORTH WAMAC S.D. #186
MARSHALL C.U.S.D. #2C	MORTON C.U.S.D. #709	NORTH WAYNE C.U.S.D. #200
MARTINSVILLE C.U.S.D. #3C	MORTON GROVE S.D. #70	NORTHBROOK ELEM S.D. #27
MASCOUTAH C.U.S.D. #19	MOUNT OLIVE C.U.S.D. #5	NORTHBROOK S.D. #28
MASSAC U.S.D. #1	MOUNT PROSPECT S.D. #57	NORTHBROOK-GLENVIEW S.D. #30
MATTESON E.S.D. #162	MT CARROLL C.U.S.D. #304	NORTHFIELD TWP H.S.D. #225
MATTOON C.U.S.D. #2	MT PULASKI C.U.D. #23	NORTHWEST C.U.S.D. #175
MAYWOOD S.D. #89	MT VERNON S.D. #80	NORTHWEST SPECIAL ED. DISTRICT
MAZON-VERONA-KINSMAN E.S.D. #2C	MT VERNON TWP H.S.D. #201	NORTHWEST SUBURBAN SPEC. ED. ORG.
MCLELLAN C.C.S.D. #12	MT ZION C.U.S.D. #3	NORTHWESTERN C.U.S.D. #2
MCHENRY C.C.S.D. #15	MULBERRY GROVE C.U.S.D. #1	NORWOOD E.S.D. #63
MCHENRY C.H.S.D. #156	MUNDELEIN C.H.S.D. #120	OAK GROVE EAST S.D. #68
MCHENRY COUNTY ROE	MUNDELEIN ELEMENTARY S.D. #75	OAK GROVE S.D. #68
MCLEAN COUNTY U.S.D. #5	MURPHYSBORO C.U.S.D. #186	OAK LAWN C.H.S.D. #229
MEDINAH E.S.D. #11	NAPERVILLE C.U.S.D. #203	OAK LAWN/HOMETOWN S.D. #123
MENDOTA C.C.S.D. #289	NASHVILLE C.C.S.D. #49	OAK PARK E.S.D. #97
MENDOTA TWP H.S.D. #280	NASHVILLE C.H.S.D. #99	OAK PARK/RIVER FOREST S.D. #200
MEREDOSIA-CHAMBERSBURG C.U.S.D. #11	NATIONAL EDUCATION ASSOCIATION	OAKDALE C.C.S.D. #1
MERIDIAN C.U.S.D. #15	NAUVOO-COLUSA C.U.S.D. #325	OAKLAND C.U.S.D. #5
MERIDIAN C.U.S.D. #101	NELSON PUBLIC S.D. #8	OAKWOOD COMMUNITY U.S.D. #76
MERIDIAN C.U.S.D. #223	NEOGA C.U.S.D. #3	OBLONG C.U.S.D. #4
MERRIAM C.C.S.D. #19	NEPONSET C.C.S.D. #307	ODELL C.C.S.D. #435
METAMORA C.C.S.D. #1	NETTLE CREEK C.C.S.D. #24C	ODIN C.H.S.D. #700
METAMORA TWP H.S.D. #122	NEW ATHENS C.U.S.D. #60	ODIN S.D. #122
MIDLAND C.U.S.D. #7	NEW HOLLAND-MIDDLETOWN S.D. #88	O'FALLON C.C.S.D. #90
MIDLOTHIAN S.D. #143	NEW HOPE C.C.S.D. #6	O'FALLON T.H.S.D. #203
MID-STATE SPECIAL EDUCATION	NEW LENOX S.D. #122	OGDEN C.C.S.D. #212
MID-VALLEY SPEC. ED. JOINT AGRMT	NEW SIMPSON HILL C.S.D. #32	OGLE COUNTY SPEC. ED.
MIDWEST CENTRAL C.U.S.D. #191	NEW TRIER TWP H.S.D. #203	OGLESBY E.S.D. #125
MILFORD C.S.D. #280	NEWARK C.C.S.D. #66	OHIO AND WABASH VALLEY VOC SYS
MILFORD TWP H.S.D. #233	NEWARK C.H.S.D. #18	OHIO C.C.S.D. #17
MILLBURN C.C.S.D. #24	NIANTIC-HARRISTOWN C.U.S.D. #6	OHIO C.H.S.D. #505
MILLER TWP C.C.S.D. #210	NILES E.S.D. #71	OKAW AREA VOCATIONAL CENTER
MILLSTADT C.C.S.D. #160	NILES TWP C.H.S.D. #219	OLYMPIA C.U.S.D. #16
MINOOKA C.C.S.D. #201	NOKOMIS C.U.S.D. #22	OPDYKE-BELLE-RIVE C.C.S.D. #5
MINOOKA C.H.S. #111	NORRIDGE S.D. #80	OPHIR C.C.S.D. #235
MOKENA S.D. #159	NORRIS CITY-OMAHA-ENFIELD	ORANGEVILLE C.U.S.D. #203
MOLINE U.S.D. #40	C.U.S.D. #325	OREGON C.U.S.D. #220

SCHEDULE OF PARTICIPATING EMPLOYERS

ORION C.U.S.D. #223	PONTIAC TWP H.S.D. #90	RIDGEWOOD C.H.S.D. #234
ORLAND PARK S.D. #135	PONTIAC-W HOLLIDAY S.D. #105	RILEY C.C.S.D. #18
OSWEGO C.U.S.D. #308	POPE COUNTY C.U.S.D. #1	RIVER BEND C.U.S.D. #2
OTTAWA E.S.D. #141	PORTA C.U.S.D. #202	RIVER FOREST S.D. #90
OTTAWA TWP H.S.D. #140	POSEN-ROBBINS E.S.D. #143.5	RIVER GROVE S.D. #85.5
OTTER CREEK-HYATT S.D. #58	POTOMAC C.U.S.D. #10	RIVER RIDGE C.U.S.D. #210
PALATINE C.C.S.D. #15	PRAIRIE CENTRAL C.U.S.D. #8	RIVER TRAILS S.D. #26
PALATINE TWP H.S.D. #211	PRAIRIE DU ROCHER C.C.S.D. #134	RIVERDALE C.U.S.D. #100
PALESTINE C.U.S.D. #3	PRAIRIE GROVE C.S.D. #46	RIVERDALE S.D. #14
PALOS C.C.S.D. #118	PRAIRIE HILL C.C.S.D. #133	RIVERSIDE S.D. #96
PALOS HEIGHTS S.D. #128	PRAIRIE HILLS E.S.D. #144	RIVERSIDE/BROOKFIELD #208
PANA C.U.S.D. #8	PRAIRIEVIEW C.C.S.D. #192	RIVERTON C.U.S.D. #14
PANHANDLE C.U.S.D. #2	PRINCETON E.S.D. #115	RIVERVIEW C.C.S.D. #2
PARIS C.U.S.D. #4	PRINCETON TWP H.S.D. #500	ROANOKE BENSON C.U.S.D. #60
PARIS-UNION S.D. #95	PRINCEVILLE C.U.S.D. #326	ROBEIN S.D. #85
PARK FOREST S.D. #163	PROFESSIONAL DEV ALLIANCE/ROE	ROBINSON C.U.S.D. #2
PARK RIDGE C.C.S.D. #64	PROJECT AREA 1 HUB-ROE	ROCHELLE C.C.S.D. #231
PASS/ADULT EDUCATION PROGRAM	PROPHETSTOWN-LYNDON-TAMPICO S.D. #3	ROCHELLE TWP H.S.D. #212
PATOKA C.U.S.D. #100	PROSPECT HEIGHTS S.D. #23	ROCHESTER C.U.S.D. #3A
PAWNEE C.U.S.D. #11	PROVISO TWP H.S.D. #209	ROCK FALLS E.S.D. #13
PAXTON-BUCKLEY-LODA S.D. #10	PUFFER-HEFTY S.D. #69	ROCK FALLS TWP H.S.D. #301
PAYSON C.U.S.D. #1	PUTNAM COUNTY C.U.S.D. #535	ROCK ISLAND COUNTY ROE
PEARL CITY C.U.S.D. #200	QUEEN BEE S.D. #16	ROCK ISLAND S.D. #41
PECATONICA C.U.S.D. #321	QUINCY S.D. #172	ROCKDALE S.D. #84
PEKIN C.H.S.D. #303	R O W V A C.U.S.D. #208	ROCKFORD S.D. #205
PEKIN S.D. #108	RACCOON C.S.D. #1	ROCKRIDGE C.U.S.D. #300
PEMBROKE C.C.S.D. #259	RAMSEY C.U.S.D. #204	ROCKTON S.D. #140
PENNOYER S.D. #79	RANDOLPH COUNTY SPEC. ED.	ROE PROFESSIONAL SERVICES #19
PEORIA COUNTY ROE	RANKIN C.S.D. #98	ROME C.C.S.D. #2
PEORIA HEIGHTS C.U.S.D. #325	RANTOUL CITY S.D. #137	RONDOUT S.D. #72
PEORIA S.D. #150	RANTOUL TWP H.S.D. #193	ROOKS CREEK C.C.S.D. #425
PEOTONE C.U.S.D. #207	REAVIS TWP H.S.D. #220	ROSELLE S.D. #12
PERANDOE SPEC. ED. DIST.	RED BUD C.U.S.D. #132	ROSEMONT ELEM. S.D. #78
PERU ELEMENTARY S.D. #124	RED HILL C.U.S.D. #10	ROSEVILLE C.U.S.D. #200
PHILIP J ROCK SERV CTR	REED CUSTER C.U.S.D. #255	ROSSVILLE-ALVIN C.U.S.D. #7
PIKELAND C.U.S.D. #10	REGIONAL DELIVERY SYSTEM	ROUND LAKE AREA S.D. #116
PINCKNEYVILLE S.D. #50	VOCATIONAL ED & GIFTED PROGRAM	ROXANA C.U.S.D. #1
PINCKNEYVL C.H.S.D. #101	REGIONAL FILM LIBRARY	RUTLAND C.C.S.D. #230
PLAINFIELD S.D. #202	REGIONAL OFFICE OF EDUCATION #12	SALEM C.H.S.D. #600
PLANO C.U.S.D. #88	REGIONAL VOCATIONAL SYSTEM	SALEM S.D. #111
PLEASANT HILL C.U.S.D. #3	RHODES S.D. #84.5	SALT CREEK S.D. #48
PLEASANT HILL S.D. #69	RICH TOWNSHIP H.S.D. #227	SANDOVAL C.U.S.D. #501
PLEASANT PLAINS C.U.S.D. #8	RICHLAND S.D. #88A	SANDRIDGE S.D. #172
PLEASANT VALLEY S.D. #62	RICHMOND BURTON H.S.C.D. #157	SANDWICH C.U.S.D. #430
PLEASANTDALE S.D. #107	RICHMOND C.S.D. #13	SANGAMON COUNTY ROE
POLO C.U.S.D. #222	RIDGELAND S.D. #122	SANGAMON AREA SPEC. ED.
PONTIAC C.C.S.D. #429	RIDGEVIEW C.U.S.D. #19	SANGAMON AREA VOC. ED. REGION

SCHEDULE OF PARTICIPATING EMPLOYERS

SARATOGA C.C.S.D. #60C	SPEC. ED. JOINT AGREEMENT #804 NORTH SUBURBAN	SYCAMORE C.U.S.D. #427
SAUK VILLAGE C.C.S.D. #168	SPEC. ED. JOINT AGREEMENT #802 COOK COUNTY	TAFT S.D. #90
SAUNEMIN C.C.S.D. #438	SPEC. ED. JOINT AGREEMENT #803 PROVISO AREA	TAMAROA S.D. #5
SAVANNA C.U.S.D. #300	SPECIAL EDUCATIONAL COOP	TAYLORVILLE C.U.S.D. #3
SCALES MOUND C.U.S.D. #211	SPECIAL EDUCATION DIST. - REGION 3	TAZEWELL COUNTY ROE
SCHAUMBURG C.C.S.D. #54	SPECIAL EDUCATION DISTRICT OF MCHENRY COUNTY	TAZEWELL-MASON COUNTIES SPECIAL EDUCATION ASSOCIATION
SCHILLER PARK S.D. #81	SPECIAL EDUCATION DISTRICT OF PEORIA COUNTY	TEACHERS RETIREMENT SYSTEM
SCHOOL ASSOCIATION FOR SPEC. ED. IN DUPAGE COUNTY	SPECIAL EDUCATIONAL TEACHER OF MACOUPIN COUNTY	TECHNOLOGY CENTER OF DUPAGE CNTY
SCHOOL DISTRICT U46	SPOON RIVER VALLEY C.U.S.D. #4	TEUTOPOLIS C.U.S.D. #50
SCHUYLER COUNTY C.U.S.D. #1	SPRING GROVE S.D. #11	THE CENTER
SCOTT-MORGAN C.U.S.D. #2	SPRING LAKE C.C.S.D. #606	THOMASBORO C.C.S.D. #130
SELMAVILLE C.C.S.D. #10	SPRING VALLEY C.C.S.D. #99	THOMPSONVILLE C.H.S.D. #112
SENECA C.C.S.D. #170	SPRINGFIELD BALL CHARTER SCHOOL	THOMPSONVILLE S.D. #62
SENECA TWP H.S.D. #160	SPRINGFIELD S.D. #186	THOMSON C.U.S.D. #301
SERENA C.U.S.D. #2	ST. ANNE C.C.S.D. #256	THORNTON FRACTIONAL H.S.D. #215
SESSER-VALIER C.U.S.D. #196	ST. ANNE C.H.S.D. #302	THORNTON S.D. #154
SHAWNEE C.U.S.D. #84	ST. CLAIR COUNTY ROE	THORNTON TWP H.S.D. #205
SHELBYVILLE C.U.S.D. #4	ST. ELMO C.U.S.D. #202	THREE RIVERS EDUCATION FOR EMPLOYMENT SYSTEMS
SHELDON C.U.S.D. #5	ST. GEORGE C.C.S.D. #258	TINLEY PARK S.D. #146
SHERRARD C.U.S.D. #200	ST. JOSEPH C.C.S.D. #169	TOLONO C.U.S.D. #7
SHILOH C.U.S.D. #1	ST. JOSEPH OGDEN C.H.S. #305	TONICA C.C.S.D. #79
SHILOH VILLAGE S.D. #85	ST. LIBORY C.S.D. #30	TOWER HILL C.U.S.D. #6
SHIRLAND C.C.S.D. #134	ST. ROSE S.D. #14	TOWNSHIP H.S.D. #214
SIGNAL HILL S.D. #181	ST. CHARLES C.U.S.D. #303	TREMONT C.U.S.D. #702
SILVIS S.D. #34	STARK COUNTY C.U.S.D. #100	TRI CITY C.U.S.D. #1
SKOKIE S.D. #68	STAUNTON C.U.S.D. #6	TRI COUNTY SPEC. ED. ASSOCIATION
SKOKIE S.D. #69	STEELEVILLE C.U.S.D. #138	TRI COUNTY SPEC. ED. COOP
SKOKIE S.D. #73.5	STEGER S.D. #194	TRI POINT C.U.S.D. #6-J
SKOKIE-FAIRVIEW S.D. #72	STERLING C.U.D. #5	TRI VALLEY C.U.S.D. #3
SMITHTON C.C.S.D. #130	STEWARD ELEMENTARY S.D. #220	TRIAD C.U.S.D. #2
SOMONAUK C.U.S.D. #432	STEWARDSON-STRASBURG C.U.S.D. #5	TRICO C.U.S.D. #176
SOUTH WILL CNTY COOP FOR SPEC. ED.	STOCKTON C.U.S.D. #206	TRIOPIA C.U.S.D. #27
SOUTH BELOIT C.U.S.D. #320	STREATOR ELEMENTARY S.D. #44	TROY C.C.S.D. #30C
SOUTH CENTRAL C.U.S.D. #401	STREATOR TWP H.S.D. #40	TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
SOUTH COOK ISC #4	STREATOR WOODLAND C.U.S.D. #5	TUSCOLA C.U.S.D. #301
SOUTH EASTERN SPEC. ED.	SUBURBAN COOK COUNTY ROE	TWIN RIVERS REGIONAL VOCATIONAL DEL SYS
SOUTH FORK S.D. #14	SULLIVAN C.U.S.D. #300	TWO RIVERS PROFESSIONAL DEVELOPMENT
SOUTH HOLLAND S.D. #150	SUMMERSVILLE S.D. #79	UNION C.U.S.D. #115
SOUTH HOLLAND S.D. #151	SUMMIT HILL S.D. #161	UNION RIDGE S.D. #86
SOUTH PEKIN S.D. #137	SUNNYBROOK S.D. #171	UNION S.D. #81
SOUTH WILMINGTON C.S.D. #74	SUNSET RIDGE S.D. #29	UNITED TWP H.S.D. #30
SOUTHEASTERN C.U.S.D. #337		UNITY POINT C.C.S.D. #140
SOUTHERN C.U.S.D. #120		URBANA S.D. #116
SOUTHWEST COOK SPEC. ED. COOP		
SOUTHWESTERN C.U.S.D. #9		
SPARTA C.U.S.D. #140		

SCHEDULE OF PARTICIPATING EMPLOYERS

UTICA E.S.D. #135	WHEELING C.C.S.D. #21
VIT C.U.S.D. #2	WHITESIDE COUNTY ROE
VALLEY VIEW C.U.S.D. #365	WHITESIDE REGIONAL VOCATIONAL SYS.
VALMEYER C.U.S.D. #3	WHITESIDE S.D. #115
VANDALIA C.U.S.D. #203	WILL COUNTY AREA CAREER CENTER
VENICE C.U.S.D. #3	WILL COUNTY S.D. #92
VERMILION COUNTY SPEC. ED. ASSOC.	WILLIAMSFIELD C.U.S.D. #210
VIENNA S.D. #55	WILLIAMSON COUNTY SPEC. ED. DIST.
VIENNA TWP H.S.D. #133	WILLIAMSVILLE C.U.S.D. #15
VILLA GROVE C.U.S.D. #302	WILLOW GROVE S.D. #46
VILLA PARK S.D. #45	WILLOW SPRINGS S.D. #108
VIRDEN C.U.S.D. #4	WILMETTE S.D. #39
VIRGINIA C.U.S.D. #64	WILMINGTON C.U.S.D. #209
WABASH & OHIO VALLEY SPEC. ED. DIST.	WINCHESTER C.U.S.D. #1
WABASH C.U.S.D. #348	WINDSOR C.U.S.D. #1
WALLACE C.C.S.D. #195	WINFIELD S.D. #34
WALTHAM C.C.S.D. #185	WINNEBAGO C.U.S.D. #323
WALTONVILLE C.U.S.D. #1	WINNETKA S.D. #36
WARREN C.U.S.D. #205	WINTHROP HARBOR S.D. #1
WARREN C.U.S.D. #222	WOLF BRANCH S.D. #113
WARREN TWP H.S.D. #121	WOOD DALE S.D. #7
WARRENSBURG-LATHAM C.U.S.D. #11	WOOD RIVER-HARTFORD E.S.D. #15
WARSAW C.U.S.D. #316	WOODFORD COUNTY SPEC. ED.
WASHINGTON C.H.S.D. #308	WOODLAND C.C.S.D. #50
WASHINGTON S.D. #52	WOODLAWN C.C.S.D. #4
WATERLOO C.U.S.D. #5	WOODLAWN C.H.S.D. #205
WAUCONDA C.U.S.D. #118	WOODRIDGE S.D. #68
WAUKEGAN C.U.S.D. #60	WOODSTOCK C.U.S.D. #200
WAVERLY C.U.S.D. #6	WORTH SCHOOL DISTRICT #127
WAYNE CITY C.U.S.D. #100	YORKVILLE C.U.S.D. #115
WEBBER TWP H.S.D. #204	YORKWOOD C.U.S.D. #225
WESCLIN C.U.S.D. #3	ZEIGLER ROYALTON C.U.S.D. #188
WEST CENTRAL IL. SPEC. ED. COOP	ZION ELEMENTARY S.D. #6
WEST CHICAGO C.H.S.D. #94	ZION-BENTON TWP H.S.D. #126
WEST CHICAGO E.S.D. #33	
WEST HARVEY-DIXMOOR S.D. #147	
WEST LINCOLN-BROADWELL S.D. #92	
WEST NORTHFIELD S.D. #31	
WEST PIKE C.U.S.D. #2	
WEST RICHLAND C.U.S.D. #2	
WEST WASHINGTON C.U.S.D. #10	
WESTCHESTER S.D. #92.5	
WESTERN SPRINGS S.D. #101	
WESTMER C.U.S.D. #203	
WESTMONT C.U.S.D. #201	
WESTVILLE C.U.S.D. #2	
WETHERSFIELD C.U.S.D. #230	

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