



Comptroller Daniel W. Hynes

JANUARY 2002 ISSUE



Fiscal FOCUS

QUARTERLY

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An Overview of Workforce Development

In late November, the National Bureau of Economic Research announced that the United States has been in a recession that began in March 2001. This came as no surprise to many economists who have been following the decline in business activity and output and the increase in layoffs and unemployment throughout the year. In fact, the tragic events of September 11, 2001, have brought renewed attention to the state of the economy including immediate concerns regarding the magnitude of layoffs in the airline and tourism industries.

The recent layoffs in these industries affect many other workers. For example, reduced flights suggest that fewer in-flight meals will be purchased from food vendors, and reduced tourism suggests not only that fewer hotel rooms will be occupied, but also that fewer dollars will be spent at tourist sites. According to Illinois Department of Employment Security estimates, there may be 300 layoffs in the economy for every 100 layoffs in the airline industry. It is also estimated that a 1% decline in tourism expenditures may lead to 6,000 layoffs in the economy.

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Dear Readers:

The dawning of a new year affords an opportunity to look back and review the high and low points of the past twelve months, as well as to plan for the future. The tragedy of September 11, 2001 will live in our minds forever, but other significant events occurred that are continuing to affect the financial health of Illinois.

Experts acknowledge that the United States is in a recession that began in March 2001. Unemployment is up and tax revenues are down. In Illinois, the General Funds available cash balance dropped \$915 million over the first six months of fiscal year 2002, falling from \$1.126 billion at the start of the fiscal year to \$211 million at the end of December. The balance in the General Revenue Fund (the state's largest operating fund) fell from \$683 million at the start of the fiscal year to an effective cash balance of negative \$655 million at the end of December. State government will be dealing with this situation during the current budget process and in the months to follow.

This issue of *Fiscal Focus* reviews the issue of workforce development. Both the federal and state governments have established programs to better prepare workers for the jobs businesses need. These government efforts have been evolving over a number of years, but they have taken on a greater urgency under the current economic situation.

As always, your comments about this and our other publications are welcome. Your input can be sent directly, or via the web site at www.ioc.state.il.us.

Sincerely,

Daniel W. Hynes

Comptroller



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Fiscal Focus is one of the ways the Comptroller's Office strives to assist taxpayers and the people of Illinois. This monthly report is designed to provide fiscal information of general interest and in compliance with state statutes.

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Fiscal Smarts

Work for Welfare Recipients

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was signed into law. This new federal law was created to reform the nation's welfare laws and place more emphasis on federal policy toward a "Work-First" approach. It requires work in exchange for time-limited public assistance and provides support for families moving from welfare to work. The law encourages quick job placement by requiring increasing proportions of state welfare caseloads to be participating in work activities for increasing number of hours and limiting the extent to which education and training can count as such work activities. By the year 2002, at least half of all welfare families and 90 percent of two-parent families have to be in work activities.

Welfare-to-Work Program

In 1997, the Balanced Budget Act authorized

the U.S. Department of Labor to provide \$3 billion in Welfare-to-Work (WtW) block grants to states and local communities for Temporary Assistance for Needy Families (TANF) over two years. The Welfare-to-Work Block Grant Program was aimed at helping the hardest to employ welfare recipients move into permanent unsubsidized employment.

In creating the Welfare-to-Work program, Congress emphasized the need for strong relationships between public and private organizations in order to provide the most effective services to the hard-to-employ welfare population. The program creates a stronger partnership between social service agencies who provide case management and supportive services, including cash assistance, to welfare recipients and workforce development agencies who provide employ-

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January 2002

ment and training services to a more general economically disadvantaged population. By combining these two service delivery systems, the hardest to employ population needs can be better met.

Welfare-to-Work Grants

Beginning in January 1998, the U.S. Department of Labor distributed the WtW funds in two ways: (1) 75% was distributed as grants to states according to a formula and (2) 25% was distributed through a competitive process to various local entities. According to the Illinois Department of Employment Security, the state formula grant Illinois received in 1998 was \$48.7 million in federal funds and required a state match of \$36 million. In 1999, the total was \$45.2 million (federal funds) and \$22.6 million (state match). In essence, Illinois had approximately \$152.5 million, totaled over the two-year period, to spend on helping welfare families and individuals achieve self-sufficiency.

Welfare-to-Work Eligibility

In 1999, there were several amendments made to the Welfare-to-Work program. One of them was the elimination of the 70% mandatory minimum expenditure level and the elimination of required barriers. It used to be that 70% of grant funds had to be spent on TANF recipients who met two of three specified barriers to employment and noncustodial parents who met the barriers and whose children were long-term TANF recipients. The three barriers to employment were:

- Holds no high school diploma or GED and has low reading or math skills
- Requires substance abuse treatment for employment
- Poor work history

Now, with the elimination of the barriers, TANF recipients are eligible if they have received assistance for

at least 30 months, if they are within 12 months of reaching their TANF time limit, or if they have exhausted their receipt of TANF due to time limits.

In addition, noncustodial parents are eligible if they meet all of the following requirements:

- If they are unemployed, underemployed, or having difficulty making child support payments.
- Their minor children are eligible for, or are receiving, TANF benefits; received TANF benefits during the preceding year; or are eligible for, or receiving, assistance under the Food Stamps program, the Supplemental Security Income program, Medicaid, or the Children's Health Insurance Program.
- They enter into a personal responsibility contract under which they commit to cooperate in establishing paternity, paying child support, and participating in services to increase their employment and earnings to enable them to support their children.

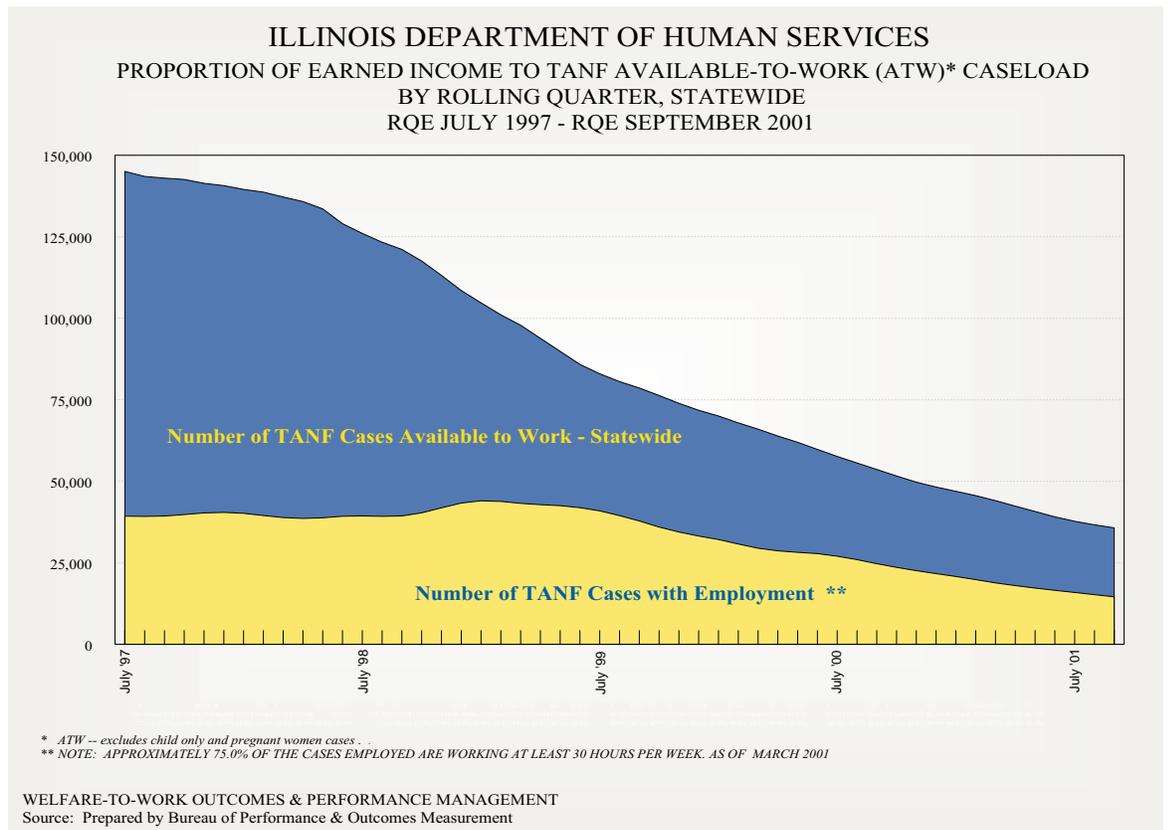
Another amendment addressed the other eligible population. Originally, up to 30 percent of grant funds had to be spent on

TANF recipients and noncustodial parents who had characteristics that were predictive of long-term welfare dependency such as school dropout or teen pregnancy. Now, the noncustodial parent provision has been deleted and youth who have formerly received foster care services, custodial parents with incomes below the poverty line, and TANF recipients who face barriers to self-sufficiency under criteria established by the local workforce investment board or private council are currently eligible.

Welfare-to-Work Activities

The federal government authorized a variety of welfare-to-work activities. These include job readiness; community service or work experience; job creation through public-sector or private-sector employment wage subsidies; on the job training; job placement services; post-employment services; or job retention and support services to help individuals get and keep unsubsidized employment. Although certain activities are authorized, each state has the discretion to design welfare-to-work-strategies geared to the needs of their own labor markets and economies. According to the Illinois Department of Human

FISCAL SMARTS continued, page 7



Interesting Web Sites

Organization

State Government

Illinois Workforce Development
One Source - Workforce and Career Information
Illinois Department of Employment Security (IDES)
IDES - Employment Services
IDES - Unemployment Insurance
IDES - Labor Market Information
IDES - Veterans' Services
Illinois Skills Match
Illinois Resource Information System
Illinois Department of Labor
Illinois Department on Aging
Illinois Department of Veterans' Affairs
Illinois Department of Commerce and Community Affairs
Illinois Community College Board
Business Solutions Network
Prairie State 2000 Authority
Illinois Industrial Commission
State Board of Education - Workforce & Community
State Board of Education - Workforce Preparation

WEB Site Address

www.ilworkforce.org/
www.ilworkinfo.com/
www.ides.state.il.us/
www.ides.state.il.us/program/employer.htm
www.ides.state.il.us/program/worker.htm
lmi.ides.state.il.us/
www.ides.state.il.us/individual/vets/index.htm
www.illinoiskillsmatch.com/
www.ioicc.state.il.us/iris/default.htm
www.state.il.us/agency/idol/
www.state.il.us/aging/access1.htm#employment
www.state.il.us/agency/dva/
www.commerce.state.il.us/workforce/
www.iccb.state.il.us/index.html
www.bsnullinois.com/
www.state.il.us/ps2000/default2.htm
www.state.il.us/agency/iic/
www.isbe.state.il.us/partnerships/Default.htm
www.isbe.state.il.us/wpp/

Federal Government

Department of Labor
Department of Labor - Employment and Training
Department of Labor - Bureau of Labor Statistics
Department of Labor - Veterans Affairs
Department of Labor - Welfare-to-Work
Bureau of the Census
Social Security Administration
Veterans' Administration
Department of Education - Vocational and Adult
First Gov for Employers
First Gov for Workers
Federal Statistics

www.dol.gov/
www.doleta.gov/
www.bls.gov/
www.dol.gov/dol/vets/
wtw.doleta.gov/
www.census.gov/index.html
www.ssa.gov/
www.va.gov/
www.ed.gov/offices/OVAE/
www.employers.gov/
www.workers.gov/
www.fedstats.gov/

Other

National Association of State Workforce Agencies
National Association of State Workforce Agencies - Links
US Workforce
America's Job Bank
America's Job Bank - Illinois
America's Learning Exchange
Northeast-Midwest Institute
Jobs for the Future

www.icesa.org/
www.icesa.org/sections/links/index.cfm
www.usworkforce.org/
www.ajb.org/
www.ajb.org/il/
www.alx.org/
www.nemw.org/data.htm#employ
www.jff.org/resources/publications/pubsbytopic.html

Centers

Occupational Information Network Resource Center
Information Technology Support Center
Center on Education and Work
Center for Governmental Studies
Rockefeller Institute

www.onetcenter.org/
www.itsc.state.md.us/
www.cew.wisc.edu/
www.cgsniu.org/workforce.htm
www.rockinst.org/publications/pubs_and_reports.html

What Resources Are Available for Unemployed Workers?

There are a number of programs available to assist Illinois workers. Most of the programs are concentrated in the Illinois Department of Employment Security (IDES). IDES is the key state agency for employment services, unemployment assistance, workforce development, and labor market information.

One of the first and oldest to come to mind is the Unemployment Insurance program, a state/federal partnership administered by IDES. This program provides weekly cash benefits to workers involuntarily out of a job. Eligible unemployed workers can receive benefits based on their previous wages for up to 26 weeks (see *Focus on Revenue*).

IDES also administers programs for dislocated workers. The rubric under which this assistance is provided is called "Rapid Response." The federal Worker Adjustment and Retraining Notification Act (WARN) requires employers to provide notification to workers 60 days in advance when faced with a plant closing or mass layoff. IDES can then step in to help the workers find new employment or obtain training to prepare them for new employment.

In some cases special financial assistance is available. For example, the Trade Adjustment Assistance (TAA) program, a federal entitlement program established under the Trade Act of 1974, provides aid to workers who lose their jobs or whose work hours and wages are reduced as a result of increased imports. The North American Free Trade Agreement Act - Transitional Adjustment Assistance (NAFTA-TAA) Program assists workers who lose their jobs or whose hours of work and wages are reduced as a result of trade with Canada or Mexico. The latter program provides affected workers with both rapid and early response to the threat of unemployment and the opportunity to engage in long-term training while receiving income support.

IDES recently submitted an emergency application for \$15 million in National Emergency Grant funds to implement a statewide Workforce Investment Act dislocated worker project. The funds are to be used for the implementation and operation of a specialized career center near O'Hare International Airport, as well as for smaller projects throughout the state. It is anticipated the effort will be operational for eighteen months, but \$5 million is being requested immediately to begin services as soon as possible.

What is the Workforce Investment Act?

The Workforce Investment Act of 1998 (WIA) is the most comprehensive program administered by IDES. Since the passage of WIA, the federal government has been encouraging states to develop one-stop service centers for all workers. This means that anyone needing employment assistance should be able to go to one location and receive the help they need. In addition to providing funds for adult and youth services, the WIA targets dislocated workers.

Under earlier federal laws [the Manpower Development and Training Act of 1962, the Comprehensive Employment and Training Act of 1973 (CETA), and the Job Training Partnership Act of 1982 (JTPA)], certain low-income individuals were targeted for training in an attempt to get them out of poverty. This approach tended to be short-term and supply-sided. Little attention was given to employer needs, and many familiar with these programs complained about the inflexibility created by numerous separate program requirements, cumbersome reporting, and unresponsive funding cycles. Another one of the major criticisms of the previous workforce development efforts was that separate programs and services often had turf-conscious bureaucracies. Clients were often bumped around from one stop to the next with each contact being counted as a client served. However, it was not clear if the programs were successful in keeping people in jobs over the long-term.

New Workforce Development Structure

The workforce development "system" envisioned by the WIA is a public/private partnership where local Workforce Investment Boards provide leadership and oversight. The seven reform principles of WIA are to:

1. Streamline and integrate services and information in a One-Stop delivery system.
2. Empower individuals with financing, information, and support.
3. Provide universal access to employment and training services.
4. Increase accountability.
5. Increase local governance and private sector participation.
6. Increase state and local flexibility.
7. Improve youth programs.

WIA promotes a work-first approach to service delivery and authorizes three levels of service that are to be made available. "Core" services are defined to include outreach, job search and placement assistance, and labor market information. "Intensive" services include more comprehensive assessments, development of individual employment plans and counseling and career planning. If adults and dislocated workers cannot find employment through core or intensive services, they may be eligible to receive "training" services (including both basic skills and occupational training) linked to job opportunities in their communities. To promote involvement in career decisions, clients can use an Individual Training Account (ITA) and select an appropriate training program from a qualified training provider. WIA also authorizes the provision of support services such as transportation and child care assistance to enable clients to participate in the program. The new youth programs are designed to help low-income youth between the ages of 14 and 21 acquire the

HOW Illinois Stacks Up

Illinois Ranks 44th on Percentage Employment Growth

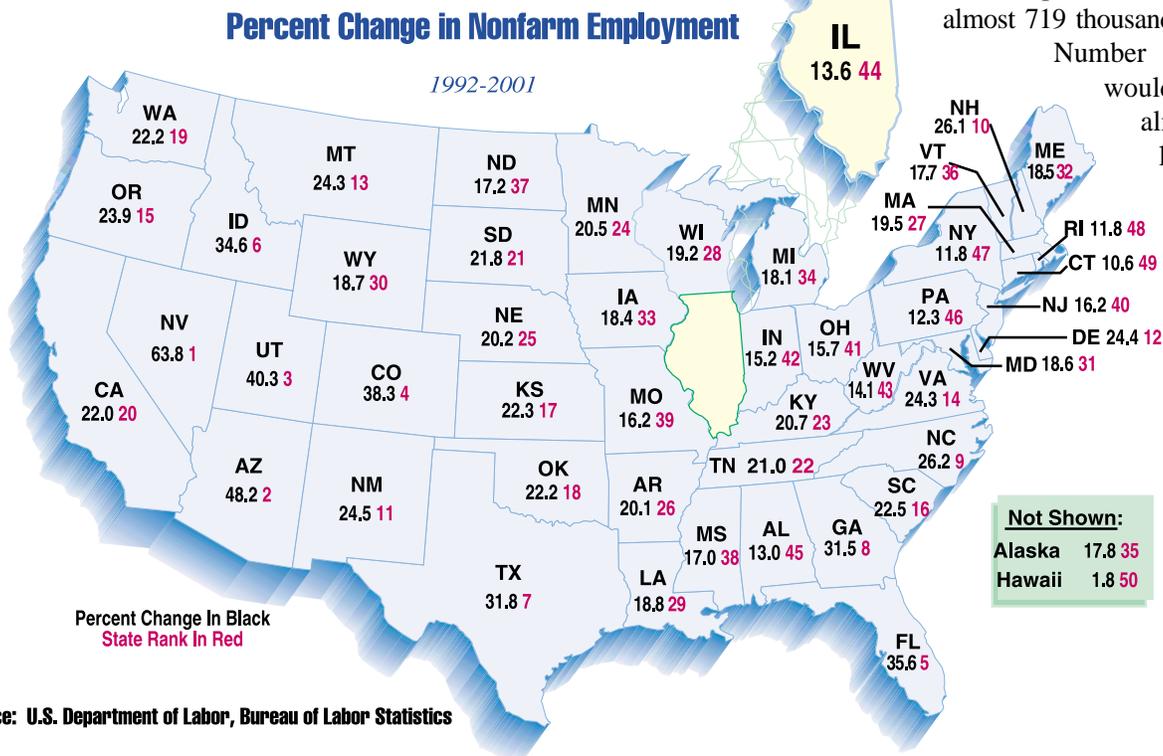
From October 1992 to October 2001, Illinois employment grew 13.6% and ranked 44th in the nation. Nevada was number one with employment growth of 63.8% followed by Arizona (48.2%), Utah (40.3%), Colorado (38.3%), and Florida (35.6%). At the other end of the spectrum, Hawaii was last with growth of only 1.8%, with Connecticut (10.6%), Rhode Island (11.8%), New York (11.8%), and Pennsylvania (12.3%) rounding out the bottom five.

Compared to neighboring states, Illinois was at the bottom. Kentucky led with employment growth of 20.7% with Minnesota close behind at 20.5%. The rest of the Midwest included; Wisconsin with 19.2%, Iowa 18.4%, Michigan 18.1%, Missouri 16.2%, Ohio 15.7%, and Indiana 15.2%.

	1992	2001	Change 1992-2001
California	12,111.8	14,772.5	2,660.7
Texas	7,331.2	9,658.9	2,327.7
Florida	5,412.6	7,337.0	1,924.4
Georgia	3,022.5	3,975.3	952.8
New York	7,716.6	8,629.4	912.8
North Carolina	3,149.5	3,974.8	825.3
Ohio	4,870.1	5,636.2	766.1
Arizona	1,525.9	2,260.9	735.0
Illinois	5,270.7	5,989.6	718.9
Michigan	3,946.9	4,660.1	713.2

While percentage growth over time is a relevant figure for comparing states, the percentage depends on the base year number. If one were to look at the increase in the number of people employed, a different picture emerges. In terms of the increase in the number of people employed over the period, Illinois would rank 9th with almost 719 thousand new people employed.

Number one in this grouping would be California with almost 2.7 million followed by Texas, Florida, Georgia, and New York. Among Midwestern states, only Ohio would surpass Illinois in this grouping. ■



Source: U.S. Department of Labor, Bureau of Labor Statistics

Depending on local needs, these grant funds can also be used for governmental procurement assistance to help Illinois businesses compete for federal contracts, or to provide consulting services to tackle particular business problems. In some cases, funds have been used to establish business incubators. In fiscal year 2002, Business and Industry Service grants totaled \$6.3 million.

Education-to-Career

Education-to-Career grants supplement funds received under the federal school-to-work program. The federal program was designed to provide funds for up to five years to develop both school-based and work-based training and ensure their coordination. The federal funds are scheduled to end in 2002. Illinois continues to support this effort so that students

can move from education to work and from work to continuing education as easily and seamlessly as possible. About \$4.2 million was provided to community colleges for fiscal year 2002.

Welfare-to-Work

Welfare-to-Work grants provide funds to develop the infrastructure needed at each community college to provide employment training and job placement assistance to welfare recipients. The grants are used primarily for counseling, although in some cases they may be used to offset tuition and fees. In fiscal year 2002, the Welfare-to-Work grants totaled \$3.8 million.

Current Workforce Training

Current Workforce Training grants provide funds to community colleges to

enable them to reduce training costs to local businesses. The subsidized training is directed toward small- and medium-sized businesses (less than 300 employees) that are not able to pay for all of their necessary employee training. Note that there are similar programs administered by other state agencies. The Current Workforce Training grants work collaboratively with the Department of Commerce and Community Affairs' Industrial Training Program (ITP) and the Prairie State 2000 Authority's Employer Training Assistance Program (ETAP) so that businesses can access a comprehensive array of services and assistance. Grants totaling \$5 million were made in fiscal year 2002 ■

[Note: Questions concerning workforce training can be directed to a toll-free number 1-877-376-2960]

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Services, Illinois' activities included adult basic education (ADL) and English as a Second language (ESL), occupational skills and on-the-job training, job placement and retention.

Accomplishments of Illinois' Welfare-to-Work Program

The Illinois Department of Human Services provides information to the Illinois Comptrollers' Office on several programs for inclusion in the Public Accountability Report. A few highlights from the Welfare-to-Work program are as follows:

- State budget expenditures in 1998 were \$51.8 million and \$28.6 million in 2001.
- The average monthly TANF caseload in

- 1998 was 180,312 and 72,279 in 2001.
- The average monthly TANF available to work caseload in 1998 was 137,472 and in 2001 was 46,249.
- The total number of TANF customers returning to assistance within 24 months of cancellation due to earnings was 8,771 in 1999 and 5,923 in 2001. (1998 data were not available).
- The average percentage of TANF families not returning to assistance within 24 months of cancellation due to earnings in 1998 was 68% and in 2001 was 85.9%.
- The cost per TANF client who entered employment was \$575 in 1998 and \$785 in 2001.
- The number of hours expended on

clients who entered employment was 11.1 in 1998 and 19.5 in 2001.

In summary, the 1999 amendments to the Balanced Budget Act made it possible for states to design Welfare-to-Work programs geared to their own labor markets. Illinois has been able to decrease the number of TANF recipients returning to public assistance by 68%. By spending more money and more time investing in job training, placement, and skills development, even some of the hardest to employ recipients are achieving self-sufficiency. ■



Unemployment Insurance Trust Fund

The Unemployment Insurance (UI) program was created back in 1935. The intent of the program is to provide cash assistance to unemployed workers who have lost their jobs through no fault of their own. The assistance is temporary and replaces part of the wages lost due to unemployment. UI is a joint federal and state government program where the states are responsible for the day-to-day operations of the program and the federal government oversees the program finances.

Benefits are paid to eligible unemployed persons based on their last wages. Unemployed workers are required to seek work, but may receive benefits for up to 26 weeks. In periods of high unemployment, an Extended Benefits program provides an additional 13 weeks of assistance. In some cases, state legislatures have enacted programs to pay up to 7 additional weeks of Extended Benefits for a maximum of 20 weeks. Legislatures also set benefit levels (see table).

Recent UI Weekly Benefits in Illinois

Effective	Minimum	Maximum		
		Single	Spouse	Children
1/4/98 - 1/2/99	\$51	\$269	\$317	\$355
1/3/99 - 1/1/00	\$51	\$284	\$336	\$376
1/2/00 - 1/6/01	\$51	\$296	\$350	\$392
1/7/01 - 1/6/02	\$51	\$315	\$372	\$417

Source: Illinois Department of Employment Security.

The program is financed by two different payroll taxes, one federal and one state, that are assessed on employers based on employee earnings. The funds collected are managed in a trust fund administered by the federal government.

The federal tax, established by the Federal Unemployment Tax Act (FUTA), is 6.2% of the first \$7,000 of an employee's taxable wages. Employers receive a 5.4% credit if their state administers a UI program that meets federal standards, so the net federal tax is 0.8%. Revenues

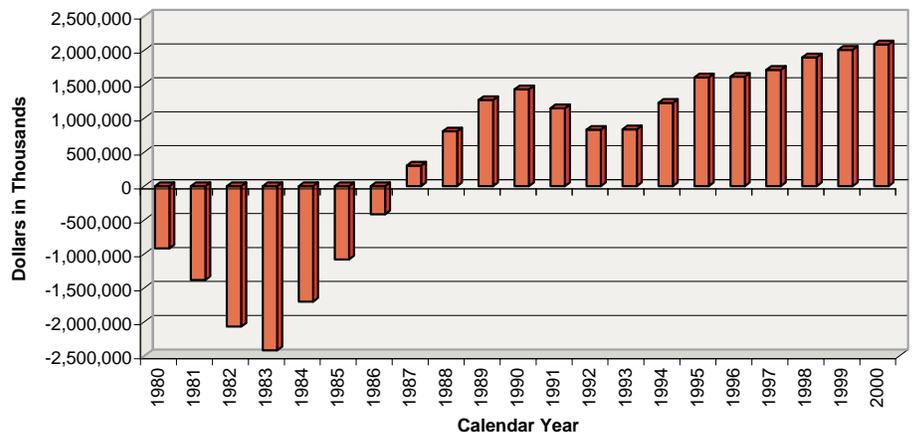
from the federal tax are used to support the state and federal administrative costs of the UI program, the federal share of the Extended Benefits program (50%), and advances to states with insolvent trust funds.

State payroll taxes vary from state to state and currently range from 0 to 10 percent. States tax employers depending on the employer's experience rating. In Illinois, for example, each employer is required to pay contributions based on the first \$9,000 in wages paid to each employee. In addition, the last chargeable employer of a beneficiary is

charged an amount equal to the total benefits paid to the beneficiary. Employers who have been liable for less than 3 years pay a standard contribution rate of 3.1%. Experience-rated employers are taxed based on a benefit ratio such that higher rates are charged to employers that caused greater unemployment. There is a limit of 5.4% for small businesses defined as less than \$50,000 in total quarterly wages. Revenues collected by the state finance the payment of regular UI benefits and the state share of the Extended Benefits program (50%).

Historically, the UI trust fund balance for Illinois was negative for most of the 1980s, dipping below \$2 billion in 1982

Illinois Unemployment Insurance Trust Fund Balance
1980-2000



and 1983. The federal government had to advance funds to Illinois in order to pay benefits. Increased tax rates and a rebounding economy helped to make the balance positive in the 1990s. The balance fell in 1991 and 1992 with the recession, but has been increasing since 1993. In 2000, the balance reached almost \$2.1 billion.

During 2001, the unemployment rate in Illinois has increased to 5.5%. The number of initial claims filed increased from 52,555 in September to 83,161 in November. The January-November total of initial claims in 2001 was 726,791 compared to 536,799 for the same period in 2000. This increased volume will certainly draw down the Trust Fund balance. ■



Community College Workforce Grants

The Illinois Community College Board (ICCB) plays a significant role in the education and training of Illinois Workers. The ICCB oversees a system of 48 community colleges located in 39 districts that provide a wide range of programs such as adult education, vocational training, family literacy, English as a second language, and workforce development and training. Community colleges offer training in over 240 different occupations.

One of the stated goals of ICCB is to address workforce development needs with flexible, responsive and progressive programs. As service providers at the local level, community colleges are partners in the One-Stop centers and are represented on Local Workforce Investment Boards (see *Cover Story*). Community colleges are taking on the task of “reskilling” America’s work force by helping working adults develop higher levels of basic and technical skills. According to the ICCB, community colleges helped to create and retain over 135,000 Illinois jobs in the last five years through economic development initiatives.

Business and Industry Services

ICCB administers four grant programs that provide financial assistance to community colleges for workforce development. Business and Industry Services grants are one of the older programs to help community colleges play a role in attracting and expanding businesses in Illinois. Grant funds allow Business and Industry Centers at each community col-

lege to provide contract training to businesses that need to upgrade the skills of their workers. This assistance not only benefits workers and businesses, but also contributes to local economic development efforts.

FOCUS ON SPENDING continued, page 7

**Workforce Development Grants to Community College Districts
Fiscal Year 2002**

	Business and Industry Services	Education - to - Career	Welfare - to - Work	Current Workforce Training
Black Hawk	\$ 156,474	\$ 100,870	\$ 84,027	\$ 92,757
Chicago	542,180	130,299	1,126,560	489,014
Danville	100,321	104,447	66,848	50,000
DuPage	356,792	121,651	69,783	431,415
Elgin	163,839	108,878	65,151	194,793
Harper	179,463	121,191	62,072	352,447
Heartland	94,598	97,511	62,820	76,586
Highland	91,584	100,592	61,093	50,000
Illinois Central	202,276	105,300	89,034	140,533
Illinois Eastern	237,125	102,278	61,669	50,000
Illinois Valley	128,512	105,268	62,475	53,622
Joliet	197,270	111,682	75,049	226,586
Kanakee	118,448	104,031	69,208	51,855
Kaskaskia	127,266	100,482	64,863	50,000
Kiswaukee	101,344	97,646	61,036	50,000
Lake County	178,035	110,931	75,020	233,701
Lake Land	211,854	101,122	61,324	74,031
Lewis & Clark	133,307	102,862	72,229	73,758
Lincoln Land	162,792	104,573	69,812	129,244
Logan	156,421	108,277	72,833	50,000
McHenry	111,737	101,935	60,288	103,754
Moraine Valley	211,246	116,541	86,070	282,447
Morton	91,784	101,568	68,776	57,713
Oakton	188,115	112,708	68,345	224,930
Parkland	154,671	100,982	72,949	112,914
Prairie State	118,487	111,803	79,826	211,488
Rend Lake	136,522	104,469	63,626	50,000
Richland	101,210	103,489	74,013	57,001
Rock Valley	155,780	106,359	69,438	136,086
Sandburg	111,169	100,021	65,122	51,289
Sauk Valley	95,013	98,591	61,093	50,000
Shawnee	96,707	111,854	67,510	50,000
South Suburban	154,011	108,891	117,118	167,633
Southeastern	137,307	108,612	60,547	50,000
Southwestern	241,993	110,845	107,881	157,076
Spoon River	86,911	104,672	62,043	50,000
Triton	285,169	105,467	79,711	116,242
Waubonsee	126,110	102,663	63,511	101,085
Wood	98,158	98,640	64,230	50,000
Total	\$ 6,342,001	\$ 4,150,001	\$ 3,825,003	\$ 5,000,000

Source: Illinois Community College Board.

educational and occupational skills, training and support needed to achieve academic and employment success and successfully transition to careers.

for employers to list job openings and provide information about skills needed by their employees.

The success of the new system is dependent on the partnerships created among all stakeholders. That is a major challenge because WIA requires the coordination of at least 17 programs administered by 4 federal agencies (see Table). In

Federal Programs Coordinated by One-Stop Service Centers

Required Programs	Federal Agency
Adult Worker Program	Labor
Dislocated Worker Program	Labor
Youth Program	Labor
Wagner-Peyser Employment Service	Labor
Trade Adjustment Assistance	Labor
Employment and Training Services to Veterans	Labor
Unemployment Insurance	Labor
Job Corps	Labor
Welfare-to Work	Labor
Senior Community Service Employment	Labor
Migrant & Seasonal Farmworker Employment	Labor
Native American Employment & Training	Labor
Vocational Rehabilitation Services	Education
Adult Education and Literacy	Education
Carl D. Perkins Vocational Education	Education
Community Services Block Grant	Health and Human Services
HUD Administered Employment & Training	Housing and Urban Development

Source: U.S. General Accounting Office.

The foundation of the system is the local, One-Stop service center. Programs are to be coordinated so that a common intake system can provide clients with access to a seamless list of workforce services. Clients will be able to:

- Receive an assessment of their skills, aptitudes, abilities and support service needs,
- Obtain information of the full array of employment-related services and local providers,
- Obtain information on job training, education programs, and student financial aid,
- Receive assistance in filing unemployment insurance claims,
- Receive career counseling,
- Obtain job search and placement assistance, and
- Access labor market information.

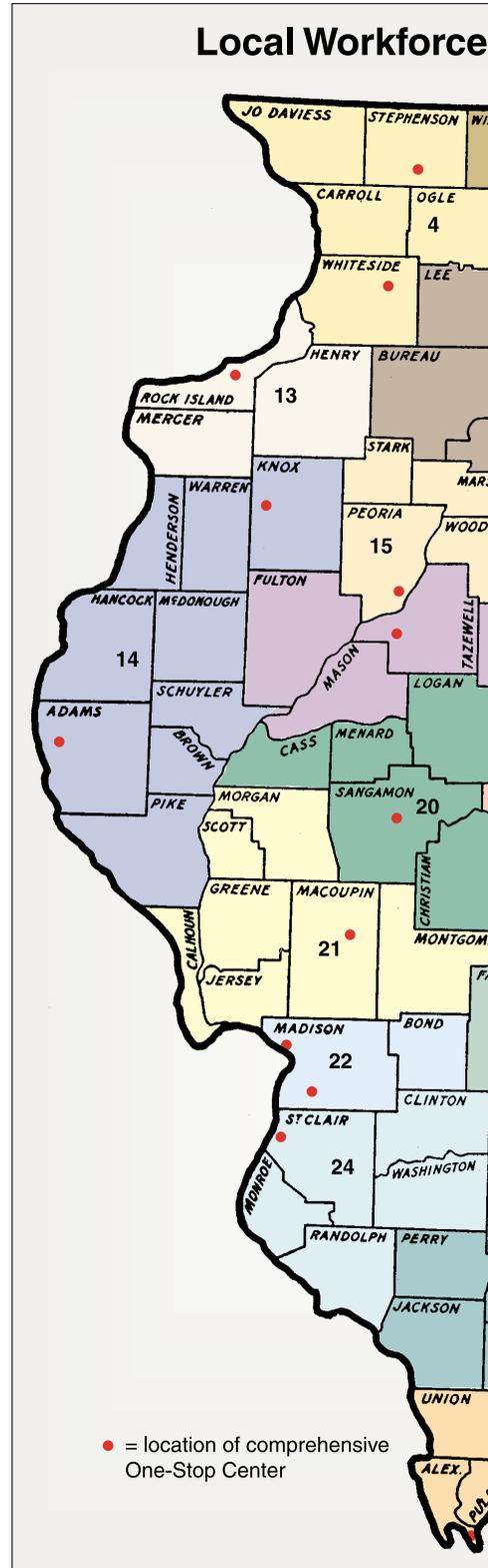
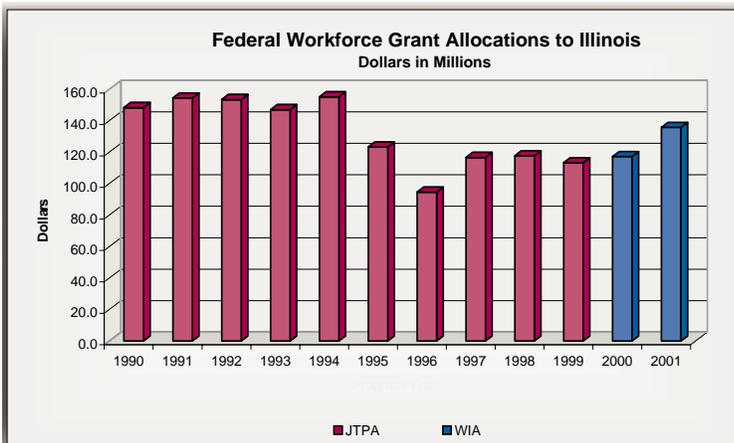
In addition, the One-Stop service centers will also provide a single point of contact

Illinois, that involves the cooperation of state agencies such as the Departments of Employment Security, Human Services, Labor, Aging, Commerce and Community Affairs, as well as the State Board of Education, the Board of Higher Education and the Community College Board.

To direct local efforts, WIA requires the creation of local Memoranda of Understanding (MOUs). The MOUs describe how all the partners will participate and how all the services will be integrated at the local One-Stop centers. It is particularly important that the MOUs include the financial contributions of each partner and a cost allocation plan.

WIA Implementation in Illinois

WIA became effective on July 1, 2000. To aid the transition from the JTPA, Illinois chose to designate 26 Local Workforce Investment Areas that used the same

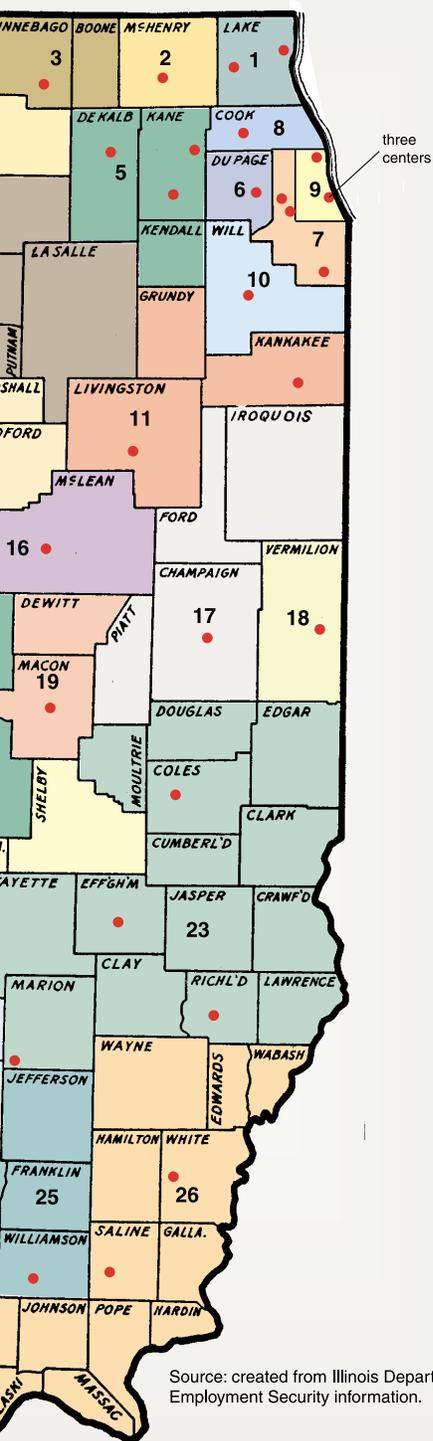


boundaries of the Private Industry Council areas that previously existed under JTPA. A Local Workforce Investment Board (WIB) was established in each of the 26 areas, although there was no grandfathering of existing entities. The new WIBs are responsible for establishing local WIA

policy and coordinating planning.

service delivery is coordinated by the One-Stop service centers. The One-Stop service centers in Illinois are called Illinois Employment and Training Centers or IETCs. There are 44 IETCs and 54 satellite or affiliate sites in operation. (see Map).

Investment Areas



Membership Requirements Local Workforce Investment Boards (WIB)

- Business
- Labor
- Education
- Community-Based Organizations (CBOs)
- Economic Development Agencies
- One-Stop Partners
 - † WIA Title I
 - † Wagner/Peysner Act/Employment Services
 - † WIA Title II Adult Education and Literacy
 - † Vocational Rehabilitation Act Title I
 - † Welfare-to-Work
 - † Title V Older Americans Act
 - † Perkins Act/Postsecondary Vocational Education
 - † Trade Act/NAFTA
 - † Veterans Title 38
 - † CSBG Employment and Training
 - † HUD Employment and Training
 - † Unemployment Compensation (Insurance)

There is renewed cooperation between local elected officials and business leaders in part because the local officials appoint the new local boards. Local WIB membership requirements include: a majority from business, at least two from labor, two or more from education, two or more from community-based organizations, at least two from economic development agencies, and one or more from each of the One-Stop partner programs (see Table above). Representatives from other programs such as TANF work programs, school-to-work programs and transportation agencies are optional, but in general, each program available at local One-Stop centers should be represented on the WIB.

While the local WIBs are responsible for developing policy, the actual

One of the important employment assistance tools available is called Illinois Skills Match (ISM). ISM is a computerized database of job seekers and available jobs that is available on the Internet 24 hours a day, 7 days a week. Job seekers and employers can logon and the program selects or “matches” the best qualified candidates with the most suitable employers. Successful matches result in notification to both parties via e-mail, regular mail or telephone. Job seekers and employers can also access the Illinois Job Bank that lists both job openings and resumes. This system is also available through the Internet, or at public locations such as libraries, colleges and universities, high schools, military bases, and IETCs.

Local WIA Allocations in Illinois Program Year 2001

LWIA	Total	Adult	Dislocated Workers	Youth
1	\$ 3,208,174	\$ 1,049,211	\$ 1,010,352	\$ 1,148,611
2	1,014,504	265,218	452,659	296,627
3	3,258,462	1,118,675	831,801	1,307,986
4	1,778,624	609,158	490,088	679,378
5	2,915,351	1,011,885	684,872	1,218,594
6	2,739,782	599,404	1,495,757	644,621
7	11,079,365	3,869,879	2,882,485	4,327,001
8	2,536,698	654,138	1,209,503	673,057
9	37,132,942	14,398,389	6,115,223	16,619,330
10	2,671,796	970,013	572,887	1,128,896
11	1,821,900	644,983	458,249	718,668
12	2,404,173	809,278	651,105	943,790
13	2,742,416	986,174	656,316	1,099,926
14	1,707,045	602,238	495,620	609,187
15	2,086,262	674,251	633,427	778,584
16	2,174,279	746,950	594,703	832,626
17	1,096,685	354,174	351,660	390,851
18	1,220,464	449,309	273,651	497,504
19	1,648,041	569,862	425,736	652,443
20	2,169,623	764,149	557,831	847,643
21	1,922,310	679,096	500,770	742,444
22	2,271,921	745,992	657,820	868,109
23	3,450,215	1,207,925	926,903	1,315,387
24	3,944,183	1,420,740	805,323	1,718,120
25	3,196,821	1,221,060	646,183	1,329,578
26	2,775,015	1,058,339	564,258	1,152,418
Total	\$ 104,967,051	\$ 37,480,490	\$ 24,945,182	\$ 42,541,379

Source: Illinois Department of Employment Security.

**Illinois Workforce Investment Act Allotments
Program Year 2001**

	Total	Adult	Dislocated Workers	Youth
Local WI A	\$ 104,967,051	\$ 37,480,490	\$ 24,945,182	\$ 42,541,379
State Administration	\$ 6,785,993	\$ 2,204,734	\$ 2,078,765	\$ 2,502,494
Program Support	\$ 13,571,868	\$ 4,409,469	\$ 4,157,530	\$ 5,004,869
Rapid Response	\$ 10,393,826	\$ -	\$ 10,393,826	\$ -
Total	\$ 135,718,738	\$ 44,094,693	\$ 41,575,303	\$ 50,048,742

Source: Illinois Department of Employment Security.

Federal grant funds are available to help state and local governments implement WIA. Although the level of federal funding for WIA is less than it was for the better years of JTPA, the amount has increased from \$ 117.2 million in program year 2000 to \$ 135.7 million in program year 2001 (see bar chart on page 10). The funds are allocated for adult services, dislocated worker services, and youth services. Funds are first made available to the State, which can reserve up to 15% from each of the three funding streams (adult, dislocated workers, and youth) for statewide activities. The State can use up to 5% of the funds for administrative costs. The remaining funds are allocated to the local workforce investment areas. Allocations for the 26 local areas for fiscal year 2001 are shown in the table accompanying the map on page 11.

The WIA “system” in Illinois is relatively

new. It is only in its second year of operation, and many features are still being implemented. According to IDES, in fiscal year 2001 there were 7,365 adult registrants, 10,363 youth registrants, and 9,060 dislocated worker registrants. Illinois’ program is doing well compared to other states. For the first year of operation (July 1, 2000 - June 30, 2001), Illinois was one of seven states to meet or exceed all federally mandated performance goals. Compared to the 10-state Midwestern Region V, Illinois was one of just two states to meet or exceed their goals (see Table).

Illinois Employment Projections

Occupation	Employment		Employment Change 1998 - 2008	
	1998 Number	2008 Number	Number	% Change
Total, All Occupations	6,367,079	7,177,313	810,234	12.73%
White Collar Occupations	3,669,770	4,176,054	506,284	13.80%
Service Occupations	939,403	1,077,675	138,272	14.72%
Agriculture, Forestry, Fishery, & Related	187,007	185,910	-1,097	-0.59%
Blue Collar Occupations	1,570,899	1,737,674	166,775	10.62%

Source: Illinois Department of Employment Security.

WIB training will be conducted. Of course this is being done concomitantly with the rise of unemployment and increase in workers seeking assistance because of the recession. State government can not call a timeout now to wait for the system to mature. Instead, it must attempt to improve and perfect the current system at the same time it faces the potential influx of thousands of newly unemployed workers.

What is the Future Employment Outlook?

Predicting job openings is definitely like trying to hit a moving target. The employment scene is dynamic. In general, over the past several years Illinois has been experiencing a drop in manufacturing jobs and an increase in jobs in the service sector. IDES projections for 2008 show that service occupations are expected to grow

by 14.7% compared to 13.8% for white collar occupations, 10.6% for blue collar occupations, and negative .6% for agriculture related occupations.

The Hudson Institute’s report Workforce 2020 suggests a slightly different scenario, at least if the projections are carried out an additional twelve years. The authors claim that there will be an increasing demand for highly skilled workers. They argue that the accelerating pace of technological change, global competition, the aging of America and its workers, and diversification of the workforce will place a premium on worker education, flexibility and foresight.

A closer look at IDES estimates shows support for both conclusions. Based on

Despite the early success, Illinois officials realize the system is evolving and that more needs to be done. One adjective that has crept into use is “world-class,” and activities are underway to develop a world-class One-Stop delivery system. During the current program year, local WIBs and One-Stop centers will be recertified, affiliate One-Stop centers will be developed, a common client database will be implemented, and local

**Illinois WIA Performance Goals
July 1, 2000 - June 30, 2001**

Measure	Goal	Outcome
Youth Diplomas and Equivalent Rate	56.00%	74.36%
Youth Placement and Retention Rate	59.00%	63.32%
Youth Skill Attainment Rate	66.00%	89.06%
Youth Entered Employment Rate	60.50%	72.88%
Youth Employment Retention Rate	67.00%	82.12%
Youth Earnings Change	\$2,200.00	\$3,464.77
Youth Credential Attainment Rate	35.00%	38.44%
Adult Entered Employment Rate	65.00%	69.95%
Adult Employment Retention Rate	72.00%	83.09%
Adult Earnings Change	\$3,000.00	\$4,149.35
Adult Credential Attainment Rate	43.00%	43.65%
Dislocated Worker Entered Employment Rate	74.00%	81.29%
Dislocated Worker Employment Retention Rate	70.00%	91.21%
Dislocated Worker Earnings Retention Rate	80.00%	89.84%
Dislocated Worker Credential Attainment Rate	45.00%	51.45%
Client Customer Satisfaction Rate	72.00%	72.87%
Employer Customer Satisfaction Rate	66.00%	77.87%

Source: Illinois Department of Employment Security.

the annual percent change in employment projections by title, white collar occupations such as computer scientists and engineers lead the list. But based on the volume of average annual openings, blue collar occupations such as cashiers, waitresses, laborers, and food service workers predominate the top ten projected job titles.

What remains to be seen is the short-term

Given the volatility of the economy, it is probably safe to say that the workforce development system will certainly be tested in the coming months and years. Some major challenges are evident now, when the new system envisioned in the Workforce Investment Act is still being developed. Officials hope the challenges will be met successfully. If the system works as envisioned, everyone from

workers to employers to entire communities will benefit. ■

Illinois Employment Projections by Title 1998-2008

Top 10 - % Change in Employment (Minimum 25 Annual Openings)

Occupational Title	1998 Employment	2008 Employment	Annual % Change
Computer Scientists, NEC	6,879	14,752	11.44%
Database Administrators	4,431	8,784	9.82%
Computer Engineers	16,352	31,672	9.37%
Systems Analysts	33,853	63,284	8.69%
Computer Support Specialists	18,602	34,289	8.43%
Desktop Publishing Specialists	1,349	2,342	7.36%
Instructional Coordinators	2,889	4,395	5.21%
Electronic Semiconductor Procsrs	2,114	3,191	5.09%
Medical Assistants	8,574	12,755	4.88%
Sales Agents, Business Services	15,757	22,797	4.47%

Top 10 - Total Average Annual Openings

	1998 Employment	2008 Employment	Annual Openings
Cashiers	139,240	161,648	8,312
Retail Salespersons	173,274	192,253	7,772
Waiters & Waitresses	86,032	100,400	6,177
General Managers & Top Execs	183,927	210,757	5,902
Office Clerks, General	136,758	153,157	5,428
Helpers/Laborers/Movers, NEC	84,955	97,749	3,913
Fd Prep/Service Wkrs, Fast Food	53,939	61,245	3,703
Food Preparation Workers	55,673	61,944	3,695
Hand Packers & Packagers	57,694	77,755	3,431
Janitors & Cleaners	111,492	121,419	3,412

Source: Illinois Department of Employment Security.

impact on Illinois' workforce development system. On the one hand, IDES estimates that the events of September 11, 2001 could result in approximately 45,000 job losses in Illinois. On the other hand, not all layoffs result in unemployment insurance claims. For example, about 75 unemployment claims are filed for every 100 layoffs. In addition, it is estimated that direct federal payments to the Illinois airline industry will save about 2,000 jobs. Also, the recent enactment of the Aviation Security Act will provide job openings for additional federal marshals and airport security personnel, which could benefit job seekers in the O'Hare and Midway airport areas.

Fiscal Forum

Our last question concerned the State budget but with an emphasis on tax expenditures that affect businesses. The question and the response from our readers are presented below.

Should the State provide more tax incentives to keep or attract businesses in Illinois?

YES 65%

NO 35%

This month's questions concern government involvement in workforce development.

Should the State continue to provide grants to train workers?

YES _____ NO _____

If you answered YES, How much should the State spend to train workers?

More than last year?

About the same as last year?

Less than last year?

To respond to this question, simply log onto the Comptroller's Web site at www.ioc.state.il.us.

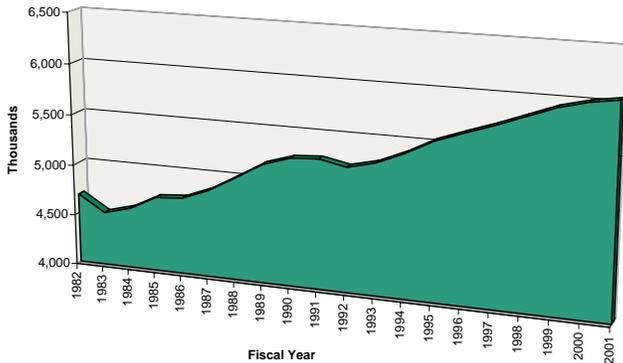
Illinois Unemployment Rates (Not Seasonally Adjusted)

	December	
	2000	2001
Statewide	4.5	5.7
Bloomington	2.4	2.1
Champaign	2.5	2.5
Chicago	4.3	5.8
Davenport/Moline/Rock Island	3.8	5.7
Decatur	5.9	6.5
Kankakee	5.1	5.7
Peoria	4.3	4.4
Rockford	4.9	7.1
Springfield	3.8	3.8

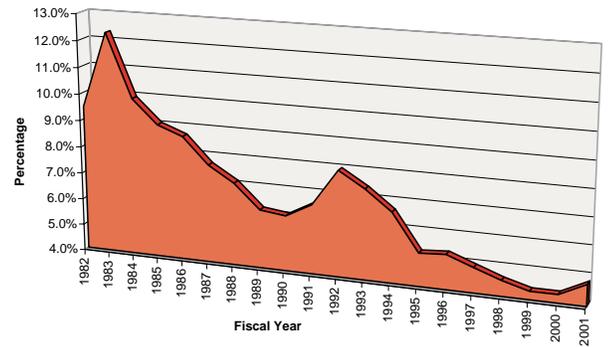
Source: Illinois Department of Employment Security.

YEAR - END Economic Summary

Illinois Non-Agricultural Employment

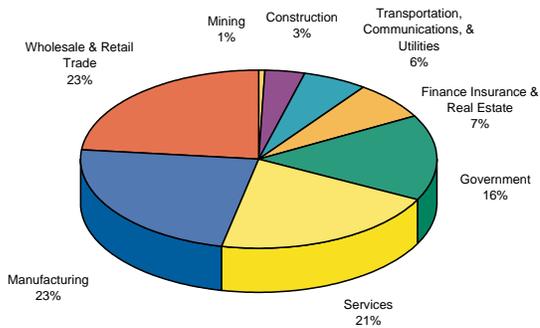


Illinois Unemployment Rate

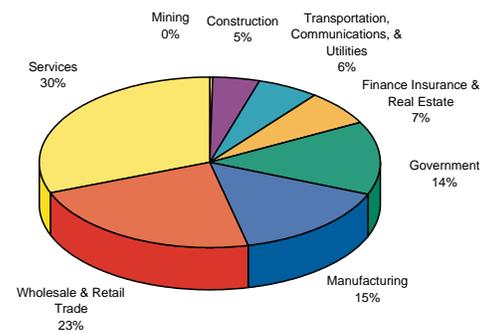


These charts present some annual 2001 economic statistics for Illinois compared to previous years. Additional charts with more recent monthly and quarterly comparisons can be found on the adjacent page.

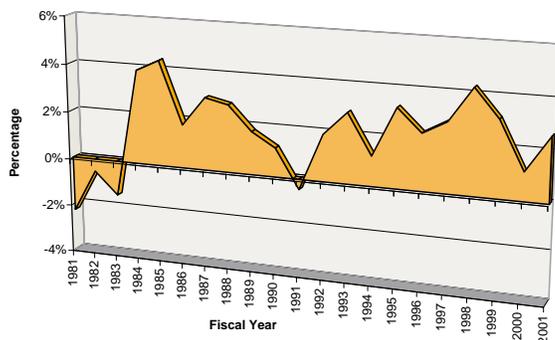
Illinois Employment by Industry Fiscal Year 1982



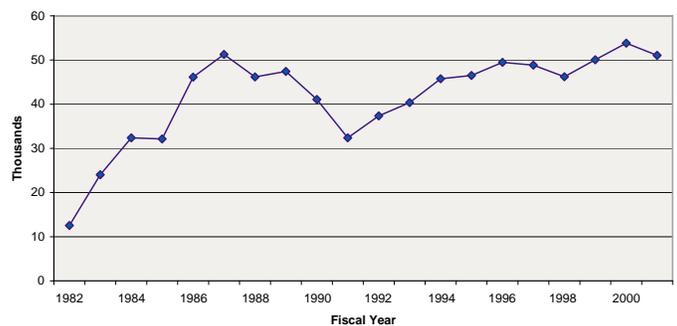
Illinois Employment by Industry Fiscal Year 2001



Change in Illinois Personal Income Adjusted for Inflation

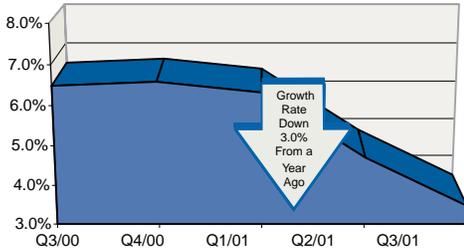


Illinois Housing Permits



Illinois Stats: Economic and Financial

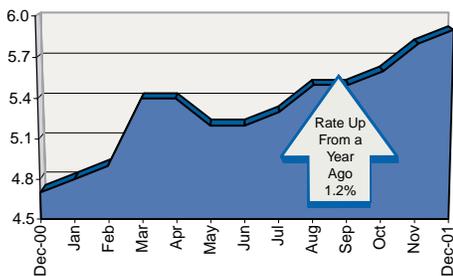
Illinois Personal Income
Change From Prior Year (Reported Quarterly)



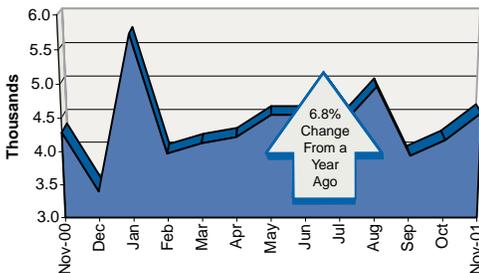
New Claims Unemployment Insurance



Illinois Unemployment Rate



Illinois Housing Permits

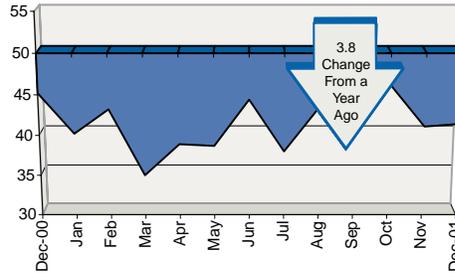


Sources:

Illinois Department of Employment Security:
Hours Worked in Manufacturing, Unemployment Insurance Claims
U.S. Census Bureau:
Direct Exports, Housing Permits
U.S. Bureau of Labor Statistics:
Unemployment Rates, Consumer Price Index
U.S. Bureau of Economic Analysis:
Personal Income
Purchasing Managers Association of Chicago:
Purchasing Managers Index

Current economic indicators show Illinois experiencing a moderate recession. The December Illinois unemployment rate equaled 5.9%. This was 0.1% greater than both the December national rate and the November Illinois rate and 1.2% greater than its prior year level. The December Chicago Purchasing Managers Index (41.4) was an indicator of declining economic activity for the fifteenth consecutive month. An index below 50 indicates more reports of decreasing economic activity rather than increasing activity from purchasing managers. In conjunction with the economic slowdown, the inflation rate has dropped with the December 2001 CPI being only 1.6% above its year earlier level.

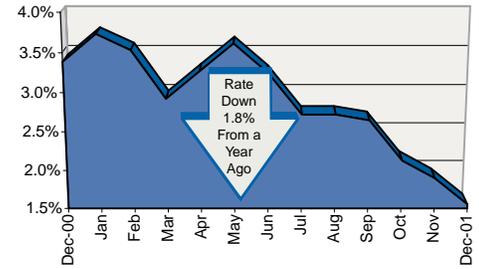
Chicago Purchasing Managers Index



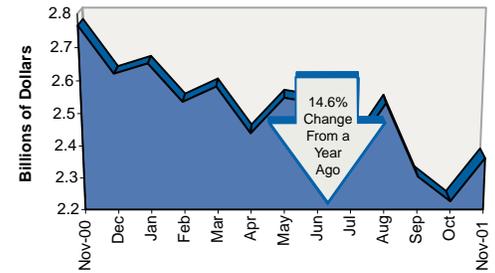
The latest DRI-WEFA forecast of the U.S. economy expects an economic recovery to begin during calendar 2002. After falling at a 0.2% annual rate during the first quarter of calendar 2002, the growth rate for U.S. real Gross Domestic Product (GDP) is expected to increase to 1.7% in the second quarter, 3.0% in the third quarter, and 4.3% in the final quarter of the year. The inflation rate is expected to vary between 2.1% and 2.8% during this five-quarter period.

DRI — WEFA:
Economic Forecasts
Federal Reserve System:
Interest Rates

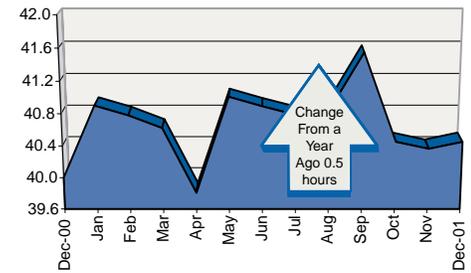
Inflation Rate
Change From Prior Year



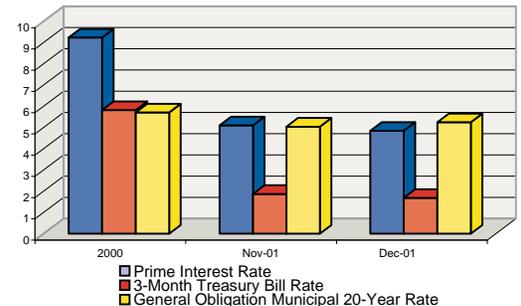
Illinois Direct Exports



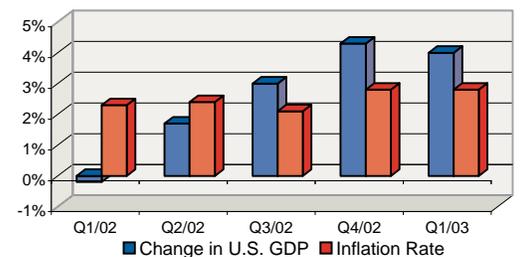
Average Hours Worked Illinois Manufacturing



Interest Rate Trends



Economic Outlook



Vital Statistics

The Heartbeat of Illinois' Finance

Cash Flow Problems Persist

Over the first six months of fiscal year 2002, the General Funds available cash balance dropped \$915 million, falling from \$1.126 billion at the start of the year to \$211 million at the end of December. The dramatic drop in the General Funds cash balance was concentrated in the General Revenue Fund (the state's largest operating fund) where the balance fell from \$683 million at the start of the year to \$33 million at the end of December.

In addition, the Comptroller's Office was holding \$688 million in General Revenue Fund (GRF) voucher's payable and transfers out that could not be paid due to a lack of cash. As a result, the effective GRF balance was a negative \$655 million at the end of December. Over the same period last fiscal year, the GRF balance declined \$935 million from \$997 million to \$62 million. However, vouchers payable at the end of last December totaled \$49 million, leaving an effective balance of a positive \$13 million. This year's effective cash position is \$642 million worse than last year with a \$1.338 billion deterioration since the beginning of the fiscal year compared to a \$984 million deterioration last year.

The fact that the GRF cash balances and effective cash position fell dramatically over the first half of the fiscal year is typical given the seasonal mismatch between revenue and spending demands from July to December. However, the size of the

decline during the last two years is unusual. Last year's drop was largely the result of a \$260 million transfer to the Fund for Illinois' Future and the temporary sales tax exemption for motor fuel purchases. This year's fall was due mostly to an economic recession that began in the spring of 2001. That recession was exacerbated by the tragic events of September 11th.

Last year's drop reduced the balance at the start of January and set the stage for GRF cash flow difficulties from mid-February through late April 2001. This year, cash flow problems developed in late August and are expected to continue for the remainder of fiscal year 2002.

Under normal conditions, payment requests from state agencies are processed by the Comptroller's Office and payments issued without delay. However, when there is a shortage of cash, payment requests are still processed and entered into the accounting system where they are recognized as expenditures of the state. In this instance, payments are delayed pending the availability of cash. Because of this year's cash shortage, some payments have been delayed as long as 18 business days.

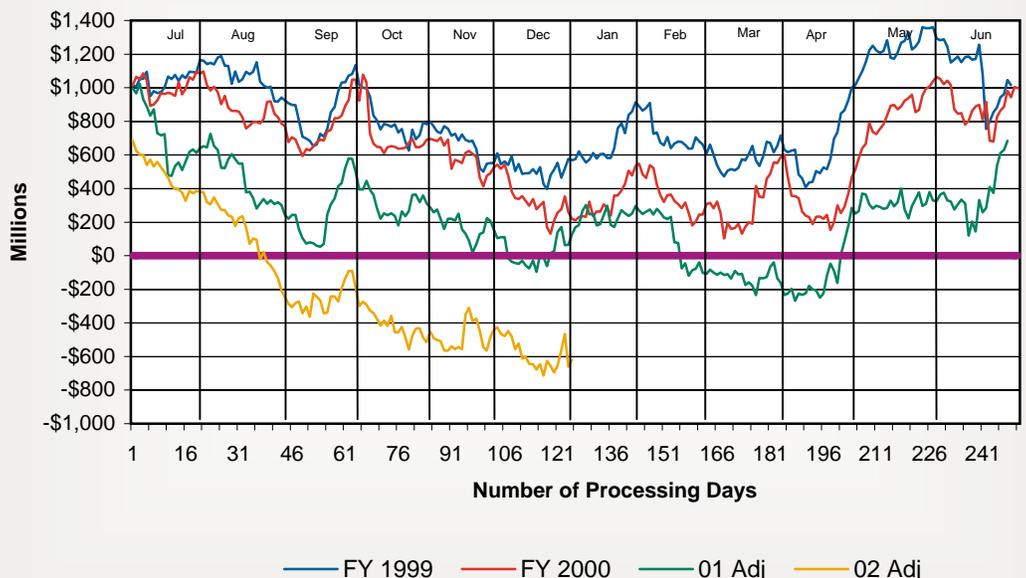
In order to alleviate at least some of the payment delays, the Comptroller ordered the balance in the Budget Stabilization Fund transferred to the GRF. On November 14, 2001, \$226 million was transferred and paid out the same day. Under state law, the amount transferred from the Budget Stabilization Fund is effectively a loan and must be repaid by the end of the fiscal year.

Revenues

General Funds revenues through the second quarter of FY 2002 were \$11.173 billion, \$141 million or 1.3% higher than the first half of fiscal year 2001. The \$141 million increase includes the \$226 million transfer from the Budget Stabilization Fund. Absent

VITAL STATISTICS continued, page 17

Comparison of General Revenue Fund Daily Cash Balances



the infusion of rainy day dollars, General Funds revenues through six months of fiscal year 2002 were down \$85 million from the prior year. Growth is further exaggerated due to the temporary suspension of the sales tax on motor fuel during the first six months of last fiscal year. Accounting for this suspension (an estimated loss of \$125 million in revenues), General Funds receipts were down an estimated \$210 million over the first six months.

The weakness in revenues was evident across several receipt sources, especially those tied most directly to the economy, namely income and sales taxes. Both individual and corporate income taxes dropped, falling by 0.3% and 19.7%, respectively. Although sales taxes were up 3.1%, this growth does not reflect the suspension of the sales tax on motor fuel last year. After receipts are adjusted for this factor, sales taxes actually declined by approximately 1%.

Second quarter revenues rebounded from dismal first quarter revenues, growing by \$211 million compared to last year. Much of the growth in the second quarter was in sales tax receipts (\$94 million), which can be attributed to the suspension of the tax on motor fuel and 0% financing incentives offered by many auto-makers.

Expenditures

Through December, General Funds cash spending totaled \$12.088 billion, \$167 million or 1.4% below last year. The \$167 million decrease includes an \$88 million increase in lapse period spending, a \$127 million decrease in spending from current year appropriations, and a \$138 million decrease in transfers out. Last year transfers out in the first quarter included a \$260 million transfer from the General Revenue Fund to the Fund for Illinois' Future. Absent that transfer last year, transfers this year would be up \$122 million.

The decrease in cash spending is due to the lack of available cash to make payments.

Normally, cash spending and payment demands (expenditures) are the same. Under cash constraints, however, payment demands are recognized as expenditures even if the cash payment has not been issued yet. Although cash spending is down through the first half of the fiscal year, General Funds payment demands are up \$413 million or 3.3%.

After six months of fiscal year 2002, cash spending has exceeded revenues by \$915 million resulting in a decrease in the available cash balance from \$1.126 billion at the beginning of the fiscal year to \$211 million at the end of December.

Awards and grants spending increased \$360 million or 4.7% while operations increased \$194 million or 5.6%. Transfers out declined \$138 million or 11.6% and all other spending decreased \$3 million.

Of the \$360 million increase in grant spending, Public Aid is up \$70 million or 2.9% through December while the Department of Human Services has increased by \$47 million or 3.3%. Awards and grants spending by the State Board of Education are up \$73 million, while higher education and Teachers' Retirement System grants have increased by \$62 and \$44 million respectively.

Spending for operations totaled \$3.674 billion through December, \$194 million higher than comparable expenditures last year. Higher education operations are up 6.2% or \$59 million, while all other operations increased \$135 million (5.3%).

Cash Balances

Although GRF revenue declined \$117 million during the first half of the year (absent the infusion of \$226 million from the Budget Stabilization Fund), spending demands have continued to grow. As a result, cash flow difficulties emerged in late August and are expected to last at least until May 2002. This is the first time since 1995 that such problems have surfaced so

early in the year. Through the end of December 2001, GRF payments have been delayed due to a lack of cash on every processing day since August 24 (86 consecutive days). Over this time, the daily available cash balance has dipped as low as \$8 million and unpaid bills have been as high as \$793 million.

In order to alleviate at least some of the payment delays, the Comptroller ordered the balance in the Budget Stabilization Fund transferred to the GRF. On November 14, 2001, \$226 million was transferred and paid out the same day. The \$226 million was used to pay down backlogged Medicaid bills in an effort to accelerate federal matching funds. This action reduced unpaid bills to \$350 million. The level of unpaid bills again rose, and as of December 31, 2001, stood at \$688 million. Under state law, the amount transferred from the Budget Stabilization Fund is effectively a loan and must be repaid by the end of the fiscal year.

The widespread weakness in most revenue sources earlier in the year prompted the Bureau of the Budget to reduce its original 2002 General Funds revenue estimate by \$350 million in October and another \$300 million in January. In addition, the Governor's Office has initiated numerous budget-reduction measures in an effort to bring the budget back in line over the course of the fiscal year.

It now appears that given the combined weakness in revenues and sustained higher spending levels in the first half of the fiscal year, cash flow difficulties will continue for the remainder of fiscal year 2002. In order to reach the current annual estimates, revenues need to grow 5.1% over the last half of the fiscal year. Whether that growth is achieved, and whether the budget-reduction measures have the desired effect, will depend on the depth of the current recession and the timing and strength of economic recovery. ■

NOVEMBER 2001

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES (Dollars in Millions)

	Nov. 2001	FY 2002	Five Months Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 351	\$ 1,126	\$(391)	(25.8) %
Revenues	1,975	9,125	17	0.2
Expenditures	2,069	9,994	(221)	(2.2)
Ending Balance	\$ 257	\$ 257	\$(153)	(37.3) %
General Revenue Fund				
Available Balance	\$ 38	\$ 683	\$(314)	(31.5) %
Revenues	1,700	7,739	(20)	(0.3)
Expenditures	1,713	8,397	(203)	(2.4)
Ending Balance	\$ 25	\$ 25	\$(131)	(84.0) %
Common School Special Account Fund				
Available Balance	\$ 212	\$ 66	\$(3)	(4.3) %
Revenues	130	637	18	2.9
Expenditures	158	519	31	6.4
Ending Balance	\$ 184	\$ 184	\$(16)	(8.0) %
Education Assistance Fund				
Available Balance	\$ 59	\$ 355	\$(60)	(14.5) %
Revenues	88	439	14	3.3
Expenditures	124	771	(38)	(4.7)
Ending Balance	\$ 23	\$ 23	\$(8)	(25.8) %
Common School Fund				
Available Balance	\$ 43	\$ 21	\$(15)	(41.7) %
Revenues	214	829	36	4.5
Expenditures	233	826	21	2.6
Ending Balance	\$ 24	\$ 24	\$ 0	0.0 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES (Dollars in Millions)

	Nov. 2001	FY 2002	Five Months Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 531	\$ 2,748	\$(44)	(1.6) %
Corporate	26	217	(44)	(16.9)
Total, Income Taxes	\$ 557	\$ 2,965	\$(88)	(2.9) %
Sales Taxes	523	2,561	70	2.8
Other Sources:				
Public Utility Taxes	79	426	(18)	(4.1)
Cigarette Taxes	32	165	(1)	(0.6)
Inheritance Tax (gross)	31	153	(26)	(14.5)
Liquor Gallonage Taxes	11	52	(3)	(5.5)
Insurance Taxes and Fees	1	58	6	11.5
Corporation Franchise Tax and Fees	21	67	7	11.7
Investment Income	11	73	(50)	(40.7)
Cook County IGT	0	130	0	0.0
Other	19	97	(5)	(4.9)
Total, Other Sources	\$ 205	\$ 1,221	\$(90)	(6.9) %
Total, Cash Receipts	\$ 1,285	\$ 6,747	\$(108)	(1.6) %
Transfers In:				
Lottery Fund	\$ 34	\$ 199	\$ 8	4.2 %
State Gaming Fund	48	223	21	10.4
Budget Stabilization Fund	226	226	226	N/A
Protest Fund	0	2	(1)	(33.3)
Other Funds	16	102	(78)	(43.3)
Total, Transfers In	\$ 324	\$ 752	\$ 176	30.6 %
Total, State Sources	\$ 1,609	\$ 7,499	\$ 68	0.9 %
Federal Sources:				
Cash Receipts	\$ 363	\$ 1,601	\$(38)	(2.3) %
Transfers In	3	25	(13)	(34.2)
Total, Federal Sources	\$ 366	\$ 1,626	\$(51)	(3.0) %
Total, Revenues	\$ 1,975	\$ 9,125	\$ 17	0.2 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES (Dollars in Millions)

	Nov. 2001	FY 2002	Five Months Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 400	\$ 2,075	\$ 70	3.5 %
Elem. & Sec. Education:				
State Board of Education	356	1,741	37	2.2
Teachers Retirement	69	342	37	12.1
Total, Elem. & Sec. Education	\$ 425	\$ 2,083	\$ 74	3.7 %
Human Services	203	1,234	11	0.9
Higher Education	117	398	50	14.4
All Other Grants	112	757	62	8.9
Total, Awards and Grants	\$ 1,257	\$ 6,547	\$ 267	4.3 %
Operations:				
Other Agencies	\$ 394	\$ 2,197	\$ 90	4.3 %
Higher Education	196	838	56	7.2
Total, Operations	\$ 590	\$ 3,035	\$ 146	5.1 %
Transfers Out	\$ 166	\$ 873	\$(199)	(18.6) %
All Other	\$ 2	\$ 34	\$ 0	0.0 %
Vouchers Payable Adjustment	\$ 54	\$ (495)	\$(435)	N/A
Total, Expenditures	\$ 2,069	\$ 9,994	\$(221)	(2.2) %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT (Dollars in Millions)

	Nov. 2001	FY 2002	Five Months Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 199	\$ 1,015	\$ 52	5.4 %
Other Personal Services	22	108	3	2.9
Total, Personal Services	\$ 221	\$ 1,123	\$ 55	5.1 %
Contribution Retirement	42	210	12	6.1
Contribution Social Security	14	73	4	5.8
Contribution Group Insurance	50	265	(8)	(2.9)
Contractual Services	35	248	16	6.9
Travel	2	11	0	0.0
Commodities	10	59	4	7.3
Printing	1	3	0	0.0
Equipment	1	20	(4)	(16.7)
Electronic Data Processing	3	25	0	0.0
Telecommunications	3	22	(4)	(15.4)
Automotive Equipment	1	8	1	14.3
Other Operations	207	968	70	7.8
Total, Operations	\$ 590	\$ 3,035	\$ 146	5.1 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS (Dollars in Millions)

	Nov. 2001	FY 2002	Five Months Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 269	\$ 1,082	\$ 77	7.7 %
All Other	87	659	(40)	(5.7)
Public Aid	400	2,075	70	3.5
Human Services	203	1,234	11	0.9
Higher Education:				
Student Assistance Commission	32	174	7	4.2
Community College Board	79	188	25	15.3
Other	6	36	18	100.0
Teacher's Retirement	69	342	37	12.1
Children and Family Services	44	309	(32)	(9.4)
Aging	16	94	1	1.1
Revenue	19	82	58	241.7
All Other	33	272	35	14.8
Total, Awards and Grants	\$ 1,257	\$ 6,547	\$ 267	4.3 %

DECEMBER 2001

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES (Dollars in Millions)

	Six Months			
	Dec. 2001	FY 2002	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 257	\$ 1,126	\$ (391)	(25.8) %
Revenues	2,048	11,173	141	1.3
Expenditures	2,094	12,088	(167)	(1.4)
Ending Balance	\$ 211	\$ 211	\$ (83)	(28.2) %
General Revenue Fund				
Available Balance	\$ 25	\$ 683	\$ (314)	(31.5) %
Revenues	1,752	9,491	109	1.2
Expenditures	1,744	10,141	(176)	(1.7)
Ending Balance	\$ 33	\$ 33	\$ (29)	(46.8) %
Common School Special Account Fund				
Available Balance	\$ 184	\$ 66	\$ (3)	(4.3) %
Revenues	137	774	24	3.2
Expenditures	246	765	29	3.9
Ending Balance	\$ 75	\$ 75	\$ (8)	(9.6) %
Education Assistance Fund				
Available Balance	\$ 23	\$ 355	\$ (60)	(14.5) %
Revenues	99	539	(3)	(0.6)
Expenditures	35	807	(22)	(2.7)
Ending Balance	\$ 87	\$ 87	\$ (41)	(32.0) %
Common School Fund				
Available Balance	\$ 24	\$ 21	\$ (15)	(41.7) %
Revenues	306	1,134	40	3.7
Expenditures	315	1,140	31	2.8
Ending Balance	\$ 15	\$ 15	\$ (6)	(28.6) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES (Dollars in Millions)

	Six Months			
	Dec. 2001	FY 2002	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 582	\$ 3,330	\$ (9)	(0.3) %
Corporate	124	342	(84)	(19.7)
Total, Income Taxes	\$ 706	\$ 3,672	\$ (93)	(2.5) %
Sales Taxes	552	3,112	94	3.1
Other Sources:				
Public Utility Taxes	85	511	(11)	(2.1)
Cigarette Taxes	34	200	0	0.0
Inheritance Tax (gross)	27	180	(26)	(12.6)
Liquor Gallonage Taxes	11	63	(2)	(3.1)
Insurance Taxes and Fees	55	112	17	17.9
Corporation Franchise Tax and Fees	10	77	8	11.6
Investment Income	11	83	(58)	(41.1)
Cook County IGT	23	154	0	0.0
Other	15	112	(5)	(4.3)
Total, Other Sources	\$ 271	\$ 1,492	\$ (77)	(4.9) %
Total, Cash Receipts	\$ 1,529	\$ 8,276	\$ (76)	(0.9) %
Transfers In:				
Lottery Fund	\$ 38	\$ 237	\$ 13	5.8 %
State Gaming Fund	47	270	3	1.1
Budget Stabilization Fund	0	226	226	N/A
Protest Fund	0	2	(4)	(66.7)
Other Funds	53	155	(42)	(21.3)
Total, Transfers In	\$ 138	\$ 890	\$ 196	28.2 %
Total, State Sources	\$ 1,667	\$ 9,166	\$ 120	1.3 %
Federal Sources:				
Cash Receipts	\$ 359	\$ 1,960	\$ 12	0.6 %
Transfers In	22	47	9	23.7
Total, Federal Sources	\$ 381	\$ 2,007	\$ 21	1.1 %
Total, Revenues	\$ 2,048	\$ 11,173	\$ 141	1.3 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES (Dollars in Millions)

	Six Months			
	Dec. 2001	FY 2002	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 402	\$ 2,477	\$ 70	2.9 %
Elem. & Sec. Education:				
State Board of Education	599	2,340	73	3.2
Teachers Retirement	68	411	44	12.0
Total, Elem. & Sec. Education	\$ 667	\$ 2,751	\$ 117	4.4 %
Human Services	230	1,464	47	3.3
Higher Education	37	435	62	16.6
All Other Grants	113	870	64	7.9
Total, Awards and Grants	\$ 1,449	\$ 7,997	\$ 360	4.7 %
Operations:				
Other Agencies	\$ 467	\$ 2,664	\$ 135	5.3 %
Higher Education	172	1,010	59	6.2
Total, Operations	\$ 639	\$ 3,674	\$ 194	5.6 %
Transfers Out	\$ 181	\$ 1,053	\$ (138)	(11.6) %
All Other	\$ 1	\$ 35	\$ (3)	(7.9) %
Vouchers Payable Adjustment	\$ (176)	\$ (671)	\$ (580)	N/A
Total, Expenditures	\$ 2,094	\$ 12,088	\$ (167)	(1.4) %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT (Dollars in Millions)

	Six Months			
	Dec. 2001	FY 2002	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 219	\$ 1,234	\$ 71	6.1 %
Other Personal Services	23	131	4	3.1
Total, Personal Services	\$ 242	\$ 1,365	\$ 75	5.8 %
Contribution Retirement	43	253	14	5.9
Contribution Social Security	15	88	5	6.0
Contribution Group Insurance	60	325	(1)	(0.3)
Contractual Services	42	290	15	5.5
Travel	2	13	1	8.3
Commodities	11	70	4	6.1
Printing	1	5	1	25.0
Equipment	1	21	(4)	(16.0)
Electronic Data Processing	3	28	1	3.7
Telecommunications	5	26	(2)	(7.1)
Automotive Equipment	2	10	1	11.1
Other Operations	212	1,180	84	7.7
Total, Operations	\$ 639	\$ 3,674	\$ 194	5.6 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS (Dollars in Millions)

	Six Months			
	Dec. 2001	FY 2002	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 269	\$ 1,350	\$ 98	7.8 %
All Other	330	990	(25)	(2.5)
Public Aid	402	2,477	70	2.9
Human Services	230	1,464	47	3.3
Higher Education:				
Student Assistance Commission	29	203	18	9.7
Community College Board	2	190	26	15.6
Other	6	42	18	75.0
Teacher's Retirement	68	411	44	12.0
Children and Family Services	59	368	(43)	(10.5)
Aging	22	116	9	8.4
Revenue	1	83	54	186.2
All Other	31	303	44	17.0
Total, Awards and Grants	\$ 1,449	\$ 7,997	\$ 360	4.7 %

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