



Comptroller Daniel W. Hynes

APRIL 2000 ISSUE



Fiscal FOCUS

QUARTERLY

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A Look Back at Public Education in the 1990's

Due to the fact that every citizen has a stake in the success of educating our children, public education has been the most widely debated function of state government. As the new millennium begins, interest in public education issues is sure to remain high. Debate continues over funding, spending, academic standards, school vouchers, year-round schooling and a host of other issues. Taking a look back at the prior decade can provide a basis of understanding as policymakers and educators forge ahead with public education policy into the new century.

A review of elementary and secondary education throughout the 1990's reveals various changes in many of the statistical aspects commonly focused on in the Illinois public education system. One fact in particular that stands out is the increase of nearly 177,000 or 10.1% in kindergarten through twelfth grade student enrollment

COVER STORY continued, page 10

Dear Readers:

I am excited to share with you this first edition of Fiscal Focus Quarterly. This represents our newest initiative to provide our readers and decision-makers with the most in-depth and up-to-date information.

The focus of this edition is on education in Illinois. Articles in this issue examine the past, present and future of education and education funding. School choice, education funding reform, school construction, revenues dedicated to education, and a comparison of where Illinois stands nationally in funding education are all discussed in this issue.

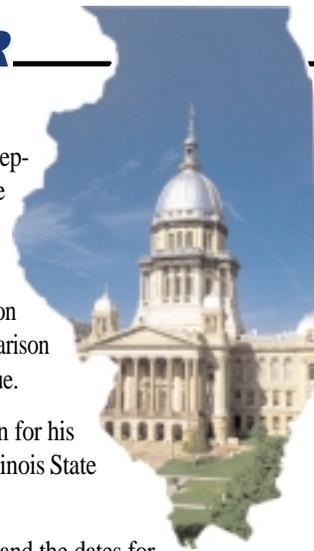
I would like to offer a special thank you to former State Senator Arthur Berman for his guest column in "A View from the Outside". Thanks are also extended to the Illinois State Board of Education for their assistance in providing information.

Also included in this edition is a calendar of Local Government training dates and the dates for cleaning up abandoned cemeteries since I have designated the month of May 2000 as Cemetery Cleanup Month. The Cemetery Care Corner describes legislation introduced by my Office to address the concerns of consumers repeated over the summer of 1999 at cemetery care hearings held throughout Illinois.

I hope that you find all the information in this issue useful and informative. We encourage new readers to subscribe or to download future issues off of our web site at www.ioc.state.il.us. Your comments about this and other publications from this Office are always welcome. You can also provide input at the web site listed above.

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

School Choice: Charters, Vouchers and Tax Credits

When Governor Ryan signed SB 1075 in to law last year (PA 91-9), Illinois joined three other states that have some kind of tax credits for education. But tax credits are not the only method for assisting parents with school-aged children. In general the use of income tax credits and/or deductions is but one of a number of methods being used to enhance school choice.

School Reform in Perspective

The performance of public schools continues to be monitored closely throughout the United States. Whether fueled by a concern to improve student achievement scores, or to hold schools more accountable for their performance because of limited tax dollars, the fact is that many sectors of society are calling for school reform.

However, there is no single definition of school reform, and approaches to achieve it vary. For example, some argue that school reform is dependent on setting higher standards. Others argue that students need to be taught how to think rather than how to memorize and recite facts. A third argument is that school reform has to be based on adequate, equitable funding of school districts, and a fourth perspective is that school reform can best be achieved using the power of choice in a free market.

A common theme of the free market argument is to provide school choice (also referred to as parental choice) as to where children will be educated. The assumption behind this line of reasoning is that competition will lead public schools to improve in order to retain students, and this change, in

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A View From The Outside

By Arthur Berman [State Representative from 1969-76; State Senator from 1977-1999, which included serving as Chairman and Minority Spokesman for the Senate Education Committee. Arthur Berman is currently Director of Labor Mediation Services for the Chicago Board of Education.]

Reflections on Education Reform

As the steady stream of blue-ribbon education reform commissions and task forces litter the halls of state government, I enjoy the opportunity to reflect on highlights of past public policy achievements in the area of education reform. And perhaps a brief reflection on the past will provide some useful direction for state public policy makers as they shape the future of education policy.

During my 30 years serving in the Illinois General Assembly, 23 of which were spent in Senate education committee leadership positions, public policymakers spent hundreds of hours reviewing policy options aimed at reforming the state's inequitable education funding system. The leading lessons learned, at least from a political perspective, were not always gratifying. And one lesson learned is irrefutable - that any true education reform must include substantial education funding reform statewide.

One of my former Senate colleagues, Dawn Clark Netsch, was politically pummeled for advocating the property tax-for-income tax swap. Less than a year after her defeat, the candidate who authorized the anti-Netsch TV ads was swiftly promoting major elements of the very plan he pummeled. Governor Jim Edgar then blessed his new blue-ribbon task force's conclusion that Illinois needed to implement a property tax-for-income tax swap. And so the political story goes.

But before we despair, we should take notice of recent positive actions taken by the Illinois General Assembly and the Governor. During my 30 years in the Illinois General Assembly, perhaps the most significant step taken to improve education funding occurred

when Public Act 90-548 was signed into law by Governor Edgar. This initiative took the step of establishing new foundation levels of per pupil state spending (\$4,100 for FY 1998, \$4,225 for FY 1999, \$4,325 for FY 2000 and \$4,425 for FY 2001). But, more importantly, this new law built education funding into the continuing appropriation process. The beauty of that law is that education funding foundation levels kick in as a continuing appropriation each July 1, regardless of whether lawmakers and the Governor reach a budget agreement.

I hope the Illinois General Assembly takes decisive action this year to extend the continuing appropriation beyond the June 30, 2001, expiration date. Why not build in another multi-year step-up ladder - maybe \$4,550 in FY 2002, \$4,650 in FY 2003 and \$5,000 in FY 2004? Why not take this action now, while the economic sun appears to be shining with budget surpluses? We can call this our children's Rainy Day Fund.

That would represent a huge step forward in having the state lay down a policy that says, emphatically, we must bring up the bottom without harming the wealthier school districts. We should never take a "Robin Hood" approach to school funding - that is, we should not rob wealthy suburban school districts to pay for the poorer districts. We need to continue to pull the bottom up while not tugging the top down.

And poor school districts do not reside solely in prop-

erty-tax poor downstate communities. I can drive five minutes from my house and run into the Skokie School District in Niles Township where about \$13,500 is spent per year on each student. Then I can drive another few minutes into Calumet City on the South end of Chicago and arrive at a school district that was spending, before P.A. 90-548, about \$3,500 a year per student. The disparities exist not just in the inner cities and rural areas; they are all around us.

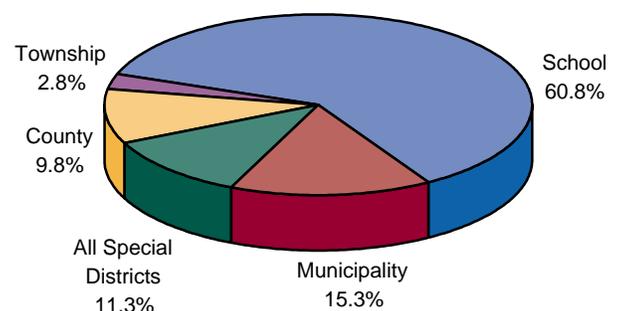
Policymakers should also continue to explore ways to reduce our reliance on property taxes for education funding and seek more reliable funding sources.

The chart below shows the percentage of property taxes devoted to schools, and the chart on page 10 indicates the reliance on local revenue (property taxes) from 1990-99 relative to state and federal revenue sources.

To live up to the promises made by virtually every elected official that "Education is my top priority," we must find a way to provide a stable funding source adequate to provide a quality education for every Illinois youngster.

A VIEW FROM THE OUTSIDE continued, page 7

Percent Distribution of Property Tax Extensions, 1996



SOURCE: Illinois Department of Revenue

Chicago School Reform Revisited

The initial calls for school reform in Chicago began with a fiscal crisis in 1979-1980 when the system failed to meet its payroll and required a financial bailout. The 1983 report entitled *A Nation at Risk* characterized the public school systems in the nation as failing, and a few years later then-Secretary of Education William Bennett claimed Chicago's school system was the worst in the country. After years of discussion and proposals, the General Assembly enacted the Chicago School Reform Act on December 2, 1988. A key provision of the Act included the creation of Local School Councils (LSCs) to govern each public school.

The 1988 law was not a panacea. In the first few years, some test scores improved, the graduation rate increased, and incidents of school violence decreased. However, Chicago's performance remained low relative to other large, urban school districts. And not everyone was pleased with the new administrative structure. Many educators had difficulty sharing power with parents and community representatives, and some LSCs were slow to learn their duties. The attempt to give LSCs greater control over discretionary (supplemental) funding was contradicted by cuts that were made to basic core programs.

In 1995 the General Assembly revisited the issue and passed an amendatory act that replaced the 15-member Board of Education with a 5-member Board of Trustees to be appointed by the Mayor of Chicago. In July, 1995, Mayor Richard M. Daley appointed the new Board and a new management team to run the Chicago Public Schools. School strikes were banned for 18 months, layoff procedures and classroom size were no longer collective bargaining issues, and an Academic Accountability Council was created.

Administratively, steps were taken to eradicate wasteful spending. Large bureaucracies were streamlined and unnecessary jobs were eliminated. A new ethics policy was instituted and restrictions were placed on travel, food and beverage expenses. The new management balanced the budget, eliminated a \$150 million deficit in the first year, and a \$1.3 billion deficit over four years.

A Capitol Improvement Plan (CIP) was developed to fund new construction of school buildings and facilities, renovate deficient buildings and facilities, and develop related items such as playgrounds, athletic fields or computer wiring and equipment.

Educationally, the Children First Education Plan was developed and implemented. Important features included new programs such as expanded pre-kindergarten, home-based preschool, summer bridge, small schools initiatives, tutors/tutoring academies, freshman academies, and alternative schools.

Current Assessment

The Comprehensive Annual Report for the Chicago Public Schools for the year ended June 30, 1999, cites the following gains in performance indicators over a four-year period: 1) rising test scores on norm referenced and state tests in 94% of the schools; 2) significant gains by many low scoring schools; 3) declining truancy and dropout rates; and 4) the highest graduation rates in the decade.

The annual budgets have been balanced, and the second consecutive four-year contract with the Chicago Teachers Union is fully funded. Also the Capital Improvement Program (CIP) has enabled the construction (complete or underway) of seventy new schools, multi-story additions, and single-story annexes. Progress has also been made on forty-two accessibility projects, forty-five state-of-the-art high school science labs, and wide and local area computer networks in all administrative offices. In 1999 Moody's bond rating for the Chicago Public School District was raised from Baal to A3. ■

Chicago School District Report Card Variables, 1990-1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Enrollment-Elementary	303,558	305,846	306,406	307,913	306,682	305,221	310,576	319,744	329,574	335,539
Enrollment-Secondary	104,884	102,868	103,355	103,669	102,817	102,020	102,345	101,590	98,610	95,546
Graduation Rate	47.4	43.7	50.7	50.2	52.2	61.2	61.7	65.2	64.9	65.3
Dropout Rate	NR	NR	NR	14.8	17.0	16.6	15.5	16.2	15.8	15.5
Student Attendance Rate	89.7	89.8	89.8	89.1	88.7	89.2	89.6	91.1	91.5	90.9
Student Mobility Rate	36.0	33.7	33.5	32.8	26.3	30.3	29.0	28.7	28.5	27.6
Chronic Truancy Rate	NR	NR	NR	4.7	5.3	5.7	4.7	4.6	4.4	4.0
Low Income Enrollment	66.2	70.1	79.2	68.1	79.0	79.8	83.2	84.3	84.8	84.5
Average Teacher Experience	16.7	16.7	16.6	16.6	15.3	14.3	14.5	14.7	14.8	14.8
Pupil/Teacher Ratio-Elementary	22.4	21.3	20.9	20.3	21.2	20.5	20.6	21.7	22.2	22.1
Pupil/Teacher Ratio-Secondary	17.7	17.9	18.7	18.6	21.4	21.0	20.5	20.2	20.1	19.6
Pupil Administrator Ratio	375.1	368.2	376.2	430.1	423.5	364.6	357.2	355.4	356.4	338.6
Average Teacher Salary	\$ 36,359	\$ 38,409	\$ 39,966	\$ 43,086	\$ 42,124	\$ 41,627	\$ 43,867	\$ 45,508	\$ 47,304	\$ 48,879
Average Administrator Salary	\$ 57,315	\$ 60,206	\$ 61,968	\$ 63,590	\$ 65,415	\$ 65,218	\$ 69,577	\$ 73,717	\$ 79,231	\$ 84,165
Operating Expenditures Per Pupil	\$ 5,265	\$ 5,548	\$ 5,675	\$ 6,031	\$ 6,596	\$ 6,525	\$ 6,941	\$ 7,102	\$ 6,630	\$ NA
Average Composite ACT Score	17.0	17.0	17.0	17.0	17.0	16.8	17.1	17.1	17.3	17.3

turn, will produce better outcomes (i.e., higher student performance or test scores). Opponents of this view believe that the methods used to achieve school choice divert dollars from the public schools that need them most, and that the use of vouchers or credits for students attending religious schools crosses the tenuous constitutional line requiring the separation of church and state.

Approaches to School Choice

Three general approaches are being used throughout the United States to provide school choice: charter schools, tuition vouchers, and tax credits/deductions. **Charter schools** are public schools that are freed from most state and local laws and rules in exchange for a written contract that specifies certain results to be met. Proving to be a rather popular approach to school reform, charter school legislation has been enacted in 36 states, and in September, 1999, there were 1,682 charter schools operating in 31 states. In Illinois the number of charter schools in operation has grown to 17 in the 1999-2000 school year.

The other two approaches to parental choice are more controversial and less widely adopted. **Tuition vouchers** are being used in Wisconsin, Ohio, and Florida. Wisconsin's experiment with vouchers is limited to the Milwaukee public school district in a program that began in 1990. The Wisconsin Supreme Court ruled the program constitutional, and in November, 1998, the U.S. Supreme Court declined to review the case, allowing the Wisconsin ruling to stand.

In Ohio, the legislature created a pilot "scholarship" program for Cleveland. The legislation creating the program was amended in June, 1999, and in December a District Court ruled against the program.

Florida lawmakers enacted the first statewide voucher program in 1999. In March, 2000, a state judge ruled this voucher program was unconstitutional because it violated the mandate of a free

education through a system of "public schools," and an appeal of this ruling is expected.

With the recent addition of Illinois, there are now four states that have implemented some form of **income tax credits and/or deductions**. Arizona allows residents to claim an income tax credit of up to \$500 for donations to charitable organizations

income that does not exceed \$37,500 can claim a credit of up to \$1,000 per child (\$2,000 per family) for educational expenses incurred. The deduction, which applies to all qualifying families regardless of household income, reduces taxable income by the amount spent on educational expenses. Deductions up to \$1,625 per child (K-6) and up to \$2,500 per child (7-12) are allowed. Tuition paid to attend a private school qualifies only for the deduction, however, and not the credit. Minnesota's original tax deduction program was challenged in 1983 and the U.S. Supreme Court ruled the program was constitutional.

Iowa passed a tuition and textbook credit in 1998 for parents with children in grades K-12. The credit is 25% of the first \$1,000 paid for each dependent for tuition and textbooks. Iowa's previous law (a choice between itemized deductions or a tax credit) was upheld in 1992 by a U.S. District Court.

Illinois' recently enacted law provides for an income tax credit of 25% of qualified education expenses (expenses in excess of \$250 for tuition, book fees, and lab fees). However, the credit claimed by a family can not exceed \$500. The law is scheduled to take affect for tax years beginning January 1, 2000, but is currently being challenged in court.

	Impact on State ¹		Enrollment ²	
	Credit	Deduction	Public	Private
Arizona ³	\$ 1.80 (private) \$ 8.90 (public)	NA NA	814	45
Iowa ⁴	\$ 9.00	NA	501	50
Minnesota ⁵	\$ 14.40	\$ 10.00	854	90
Illinois ⁶	\$ 75.00	NA	2,012	323

¹Credit/deduction figures are in millions.
²Enrollment figures are in thousands of students in grades K-12 for the 1997-1998 school year. Illinois figures are for 1999.
³Arizona has a \$500 credit for contributions to private school tuition organizations, and a \$200 credit for public school extracurricular activity fees. The figures shown are from a preliminary sample of tax year 1998 returns.
⁴The Iowa Department of Revenue reports that the tuition and textbook credit claims for tax year 1998 totaled \$9 million.
⁵Minnesota law provides both an income tax deduction and a refundable tax credit for education expenses. For tax year 1998, \$14.4 million in credits were claimed by taxpayers. The \$10 million figure for deductions is based on a preliminary sample of returns.
⁶Illinois credit is expected to begin in tax year 2000. The \$75 million figure is an estimate from the Governor's proposed budget.

that provide scholarships to children to enable them to attend private or parochial schools. The state also allows residents to claim a tax credit of up to \$200 for extracurricular activity fees paid at Arizona public schools. If the allowable tax credit exceeds the taxes due, a taxpayer may carry the credit forward for up to five years. Although challenged in court, in October, 1999, the U.S. Supreme Court refused to consider an appeal of the Arizona Supreme Court case that upheld the constitutionality of the credits.

Minnesota has two tax programs, a K-12 subtraction (deduction) and a K-12 education credit. Families with an adjusted gross

Impact of Tax Credits on State Revenue

Both the arguments for and against education vouchers and tax credit programs, and the attendant court challenges over their constitutionality, divert attention away from the fiscal impact of such programs on state revenue. While any program that provides a voucher or reduces taxes for eligible families will prove to be popular with the beneficiaries, the bottom line is a reduction in state revenue based on the number of families/children taking advantage of the program. For example, Governor Ryan's proposed budget for fiscal year 2001 estimates the cost of the newly enacted education credit at \$75 million.

HOW Illinois Stacks Up

A Comparative Look at K-12 Education Revenues and Expenditures

Americans have always considered education a top government priority and every state tries to incorporate public policies that will provide enough funding, and distribute funds fairly, to every child in grades K-12. A common indicator for comparing states is K-12 expenditures per pupil.

Expenditures per Pupil

Expenditures per pupil varied significantly among states in the Midwest and Northeast regions that spent as much as \$9,703 in 1998-1999, to states in the Southeast region that spent as little as \$3,807. Twenty-one states spent between \$5,000 and \$6,000 per pupil, and the national average was \$6,251. Illinois spent \$5,843

per pupil and was ranked twenty-ninth in the nation. The variation among regional spending can be attributed to federal aid programs that tend to be concentrated in large urban areas, labor unions that are more likely to have unionized teachers and, therefore, higher wage rates, and differences in local preferences.

Sources of School Funds

Another indicator used to compare states is the relative share of funds provided by each level of government. Education receives revenues from all three levels of government, federal, state and local. The United States spends approximately \$300 billion annually on K-12 education, but the majority of school revenue comes from state and local governments. The national average for education revenue from the federal government is 6.9 percent, while state government provides 49.8 percent, and local government 43.3 percent.

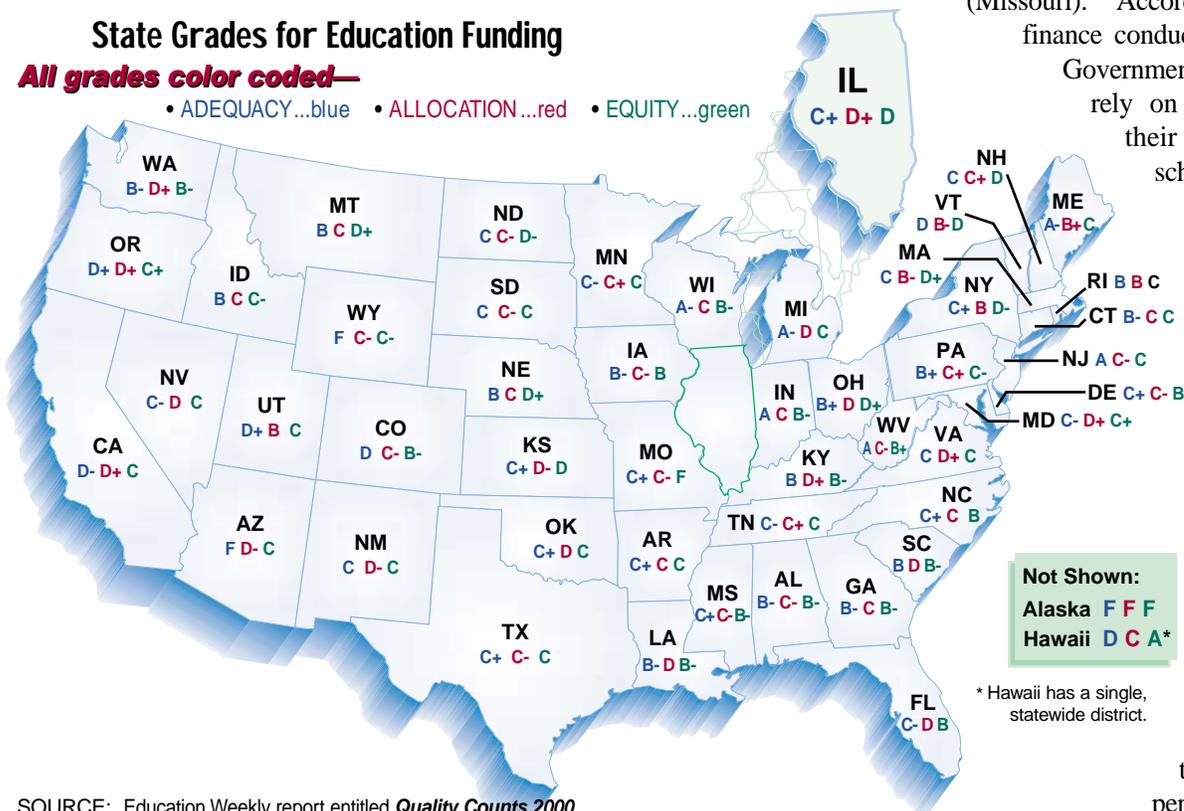
State government shares ranged from 89.1 percent (Hawaii) to 8.2 percent (New Hampshire). Illinois ranked forty-ninth in public school revenues from state government in 1998-1999, and Illinois' 26.7 percent share from state revenue was 23.1 percent below the national average of 49.8 percent. States in the South provided anywhere from 37.5 percent to 73.3 percent of school funds, and states in the New England region provided from 8.2 percent to 46.9 percent because they rely more on local financing to provide the majority of school revenues. Other states in the Midwest range from 76.8 percent (Michigan) to 39.5 percent (Missouri). According to a survey on school finance conducted by the Council of State Governments, most states (90.7 percent) rely on annual appropriations from their general funds to support schools.

Local government shares for education ranged from 88.1 percent (New Hampshire) to 2.5 percent (Hawaii). Illinois ranked third as having the most reliance (66.7 percent) on local revenues. The national average is 43.3 percent. The remaining top ten states ranged from 67.1 percent to 53.9 percent. States in the Midwest ranged from 16.5 percent to 54.4 percent. The major source of local revenues is the local property tax (97.7 percent according to a Council of State Governments survey). One

State Grades for Education Funding

All grades color coded—

- ADEQUACY...blue
- ALLOCATION...red
- EQUITY...green



SOURCE: Education Weekly report entitled *Quality Counts 2000*.

ADEQUACY grades based on spending per student, percent change in spending per student, and percent of taxable resources spent on education.

ALLOCATION grade based on percent of education spending used for instruction.

EQUITY grade based on relative inequity in spending per student among districts.

HOW ILLINOIS STACKS UP continued next page 7

How Illinois Stacks Up concluded

problem with the reliance on local property taxes is the gap between the rich and poor school districts. Wealthier, more populated districts can generate more property tax dollars and can afford better schools, while rural, less wealthy and less populated districts can't generate enough property tax dollars, and can't afford better schools.

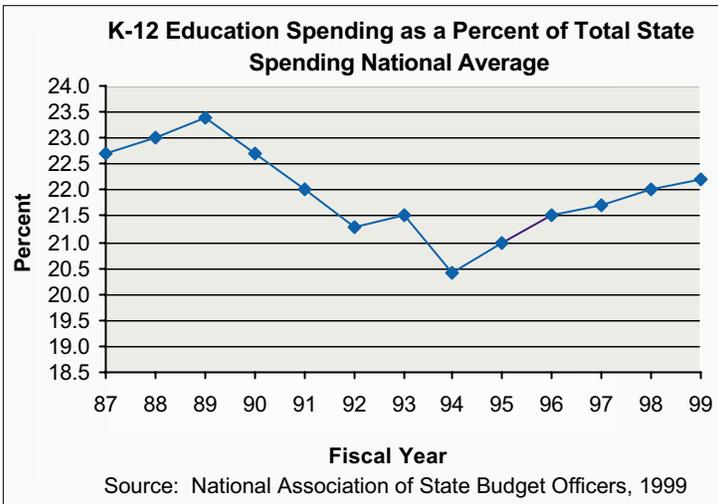
Other Comparative Indicators

Education Weekly recently published *Quality Counts 2000*, a report which graded the states on how well they are doing in terms of three major financial resources in 1997-1998: adequacy, allocation and equity. Illinois received a C+ for adequacy which was a composite of three education spending measures. In terms of allocation, defined as the percentage of annual expenditures spent on instruction, Illinois received a D+. The worst grade received was a D for equity which was defined as the relative inequity in spending per student among districts (see map).

On average, states spent 22 percent of their total state spending on K-12 education (1998). Michigan spent the highest, 34.2 percent, and New Hampshire spent the lowest, 9.2 percent. Illinois ranked 30th in spending with 19.9 percent which was only two percentage points below the national average.

Latest Trend

After declining annually from 1989 to 1994, education's share of total state spending has begun to increase (see chart). According to the National Association of State Budget



Officers (NASBO), state spending on K-12 education increased 7.2 percent in 1998 and an estimated 7.5 percent in 1999. Total state spending increased 6 percent and 6.9 percent in those same years. In its preliminary fiscal report, the National Conference of State Legislatures (NCSL) estimates that fiscal year 2000 state general fund spending on K-12 education will increase 6.8 percent while overall general fund appropriations will increase 5.9 percent. Illinois ranked third (31.8 percent) based on total spending increase from 1997-1999. This is well above the national average of 14.7 percent. Mississippi had the highest increase with 46.2 percent and Wyoming had the lowest, -2.6 percent. This recent trend of K-12 spending increases is related to a strong economy and a renewed commitment from legislators and governors to provide more money for education. In Illinois, for example, recent legislation increases the per pupil foundation level in annual steps from \$4,100 in 1998 up to \$4,425 in 2001. ■

A View From The Outside concluded

Finally, we should also encourage the expansion of alternative public schools, or charter schools, throughout Illinois. We should closely monitor the results of the early charter schools and learn what is, and is not, working. And then we should employ our creativity, energy and commitment to creating the best charter schools possible.

According to the ISBE, there are now 17 charter schools in Illinois - 12 in Chicago, two in the suburbs and three downstate - with more sprouting up on the horizon.

Education policymakers have always faced the difficult challenges of crafting a statewide education policy in a state as diverse as the

Fiscal Forum

Last month's Fiscal Forum was based on an article concerning available cash balances and asked readers their opinion about creating a Rainy Day Fund. The question and the distribution of our readers' responses are presented below.

Do you think the State should create a Rainy Day Fund to help avoid future tax increases, short-term borrowing, mid-year budget reductions or delays in paying bills?

YES 83%

NO 17%

This month's question concerns education reform efforts, and the fact that there are 17 charter schools operating in Illinois. After reading *A View From Outside* by former State Senator Arthur Berman, do you think the State should do more to encourage and/or accelerate the establishment of charter schools?

YES NO

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

one in which we live. We made significant progress in recent years, but our children deserve no less than the best effort that we can possibly make. Simply put, our children represent this state's future. ■

[The opinions expressed in this column are the author's and do not necessarily represent the opinions of the Illinois Office of the Comptroller].



Revenue Sources Dedicated for Education

Much has been written about revenues from gambling being dedicated for education. However, there are numerous sources of revenue that are specifically earmarked to support education. While gambling is an important source of revenue for education, it is not the major source of revenue and has little impact in determining education funding levels. In fact, over the last ten years, even with the implementation of riverboat gambling, the share of education revenues provided by gambling has declined. This was due to growth of major tax sources and tax increases that impacted the amounts dedicated to education.

The majority of state support for elementary and secondary education comes from the Common School Fund and the Education Assistance Fund, both of which receive revenues from gambling. It should be noted that the Education Assistance Fund also supports higher education. These two funds provide for the payment of general state aid to local schools and for teachers' retirement. Dedicated revenues are not sufficient to support spending levels, especially in the Common School Fund, so the General Revenue Fund transfers any funding deficiencies. Since education spending levels have increased over the past ten years in

excess of revenue increases, General Revenue Fund transfers account for a larger percentage of education revenues.

Common School Fund

While the Common School Fund (CSF) receives revenues from a variety of sources, transfers from the State Lottery Fund are probably the most well known of these sources. In fiscal year 1999, lottery transfers totaled \$540 million which

	Fiscal Year		Change	
	1990	1999	Amount	Percent
Sales Tax Transfers	\$ 1,036.7	\$ 1,386.0	\$ 349.3	33.7 %
Lottery Fund Transfers	594.0	540.0	(54.0)	(9.1)
Bingo Tax	3.9	2.9	(1.0)	(25.6)
Pull Tabs & Jar Games Tax and Licenses	1.9	3.9	2.0	105.3
Cigarette Taxes	71.6	180.1	108.5	151.5
Public Utility Tax	12.0	113.5	101.5	845.8
Other	3.6	1.2	(2.4)	(66.7)
GRF Transfers	525.2	817.0	291.8	55.6
TOTAL	\$ 2,248.9	\$ 3,044.6	\$ 795.7	35.4 %

accounted for 17.7% of total CSF revenues, and were the third largest source of revenues into the fund. By far the biggest and major source of revenue into the CSF for the year was the sales tax transfer of \$1.386 billion or 45.5% of total revenues. The General Revenue-Common School Special Account Fund receives 25% of the state's share of sales tax collections and can only transfer monies to the CSF. Transfers from the General Revenue Fund are the second largest source of revenue to the CSF, with \$817 million transferred in fiscal year 1999 representing 26.8% of total revenues.

The remaining 10% of revenues to the CSF are dedicated receipts, which are deposited directly into the fund. These sources include public utility taxes, cigarette taxes, bingo taxes, licenses and taxes from pull tabs and jar games, investment income, and other miscellaneous sources.

Over the ten year period from fiscal year 1990 to 1999, public utility and cigarette taxes have experienced the largest percentage growth of all revenues. This growth was due primarily to tax increases. In fiscal year 1998, the telecommunications tax rate was increased from 5% to 7%. The Common School Fund receives \$12 million per year of the original 5% tax and 50% of the additional 2% tax increase. In addition, the explosive growth in the use of telecommunication equipment has also impacted the growth in revenues. While prior to 1998 the CSF received a portion of cigarette taxes, the entire 14-cent per pack tax increase enacted in 1997 was allocated to the fund.

Education Assistance Fund

A temporary increase in income taxes was enacted in fiscal year 1990 with the revenues generated divided between education and local governments, and this resulted in the creation of the Education Assistance Fund (EAF). Since then the increase was made permanent and the distribution to local government has changed, but the EAF continues to receive 7.3% of individual and corporate income tax receipts. Beginning in fiscal year 1992, the fund began receiving a portion of riverboat gambling taxes. With

	Fiscal Year		Change	
	1990	1999	Amount	Percent
Income Tax	\$ 353.2	\$ 609.4	\$ 256.2	72.5 %
Gaming Fund Transfers	0.0	240.0	240.0	N/A
Other	0.0	0.4	0.4	N/A
GRF Transfers	0.0	10.7	10.7	N/A
TOTAL	\$ 353.2	\$ 860.5	\$ 507.3	143.6 %

general state aid payments being made from the EAF, spending problems in fiscal year 1998 resulted in legislation to provide the fund with the same deficiency

FOCUS ON REVENUE continued page 14

FOCUS On Spending

Looking at Our School Buildings

School construction grants gained renewed emphasis in May 1998 when the state announced \$30 million in new grant awards. Grant awards have now grown to nearly \$889 million and will yield \$1.9 billion in school construction projects. The school construction program was authorized by the General Assembly in 1997 and is the first state building program to assist schools in

more than two decades. The construction program comes at a time when Illinois schools are confronted with increasing enrollments and rapidly aging school buildings.

As enrollments continue to increase both nationally and in Illinois, the need for safe and adequate school facilities becomes more critical. Throughout the United States enrollment in public elementary and secondary schools is expected to increase through the year 2008. In Illinois the number of students enrolled in public schools increased for the ninth consecutive year in 1998-99 and totals 1.9 million students. The State Board of Education predicts that enrollments in Illinois will continue to increase through school year 2005-06.

It's not only increasing enrollments that put pressure on school facilities. Another major concern is the aging of our school buildings. Both nationally and in Illinois, many school buildings are in need of major repairs or replacement. Over one-fourth of the school buildings in the United States were built between 1950 and 1969. Nearly 30 percent of Illinois school buildings were built over 50 years ago. In June 1996,

the U.S. Government Accounting Office estimated that 89 percent of Illinois public schools were in need of repair or upgrading. There are 3,883 public school buildings in Illinois, and another 368 buildings used for special education and other education purposes.

Compounding the problem of increasing enrollments and aging facilities has been the fact that schools

have been "going it alone" when it comes to maintaining their buildings or constructing new facilities. The responsibility for funding the capital needs of schools rests almost entirely with local boards of education. School districts levy

local property taxes for building operations and maintenance and can issue bonds for construction. However, restrictions relating to these funds, such as limitations on bonded indebtedness, referendum requirements, and restrictions on revenue increases, limit the ability of school boards to generate needed capital funds. In addition, state financial support was almost non-existent from the late 1970s until 1998.

Now with the creation of a new school construction program and the beginning of the Illinois FIRST program, schools are benefiting from a renewed state and local

partnership aimed at improving school facilities.

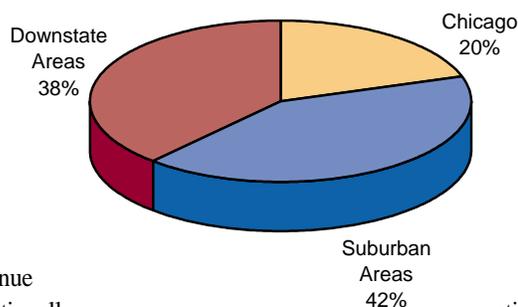
The School Construction Law

In December 1997, the General Assembly approved a new school construction program and set aside \$1.1 billion in bonding authority to fund school construction grants over a five-year period. In 1999 the legislature added over \$1 billion for school construction projects through the Illinois FIRST infrastructure program.

The Illinois State Board of Education (ISBE) and the Capital Development Board (CDB) jointly administer the school construction program. The ISBE develops eligibility standards, reviews school district applications, and calculates a grant index for each school to determine the state's share of a project's cost, and issues grant entitlements. The CDB develops construction standards, approves construction costs, awards construction grants, and prepares payment schedules for approved projects. State funds for construction projects are appropriated to the CDB.

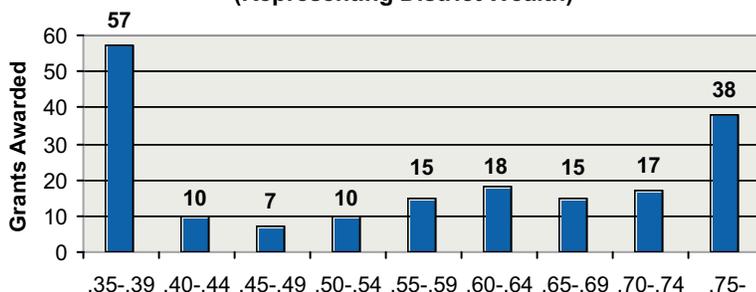
The School Construction Law outlines the priority of school construction projects. The priorities for awarding grants are, in order of importance, projects that: (a) replace or reconstruct buildings destroyed or damaged by man-made or natural disasters; (b) alleviate a shortage of classrooms due to population growth or replace aging buildings; (c) support the interdistrict reorganization of school districts; (d) replace or reconstruct buildings determined to be severe and continuing health or life safety hazards; (e) improve accessibility for individuals with disabilities; and (f) provide unique solutions to facility needs. In addition to these priorities, the School Construction Law requires 20% of the total amount of grants awarded statewide be given to the Chicago School District. In order to participate in the school construction program schools

Distribution of School Construction Grants (May 1998 - February 2000)



FOCUS ON SPENDING continued, page 14

Grant Awards by Grant Index (Representing District Wealth)



Grant Index (.35 for wealthier districts to .75 for poorer districts)

Cover Story continued

over the decade. State Board of Education figures show that more than 1.935 million students were enrolled in the 1998-99 school year compared to slightly less than 1.759 million in the 1989-90 school year. As for student performance measurement, beginning in 1999 student assessment testing was conducted using the ISAT (Illinois Standards Achievement Test) which replaced the IGAP (Illinois Goals Assessment Program) test. This change prevents a direct comparison of the 1998-99 school year to earlier years.

On the financial side, an upswing in the reliance on local revenues (primarily property taxes) which occurred in the 1980's continued throughout the first part of the decade as state revenues dedicated to education sagged due to the financial troubles of the General Funds. This trend reversed itself somewhat in the latter part of the decade as a strong economy put the state in better shape financially.

Elementary and Secondary Education Funding

According to State Board of

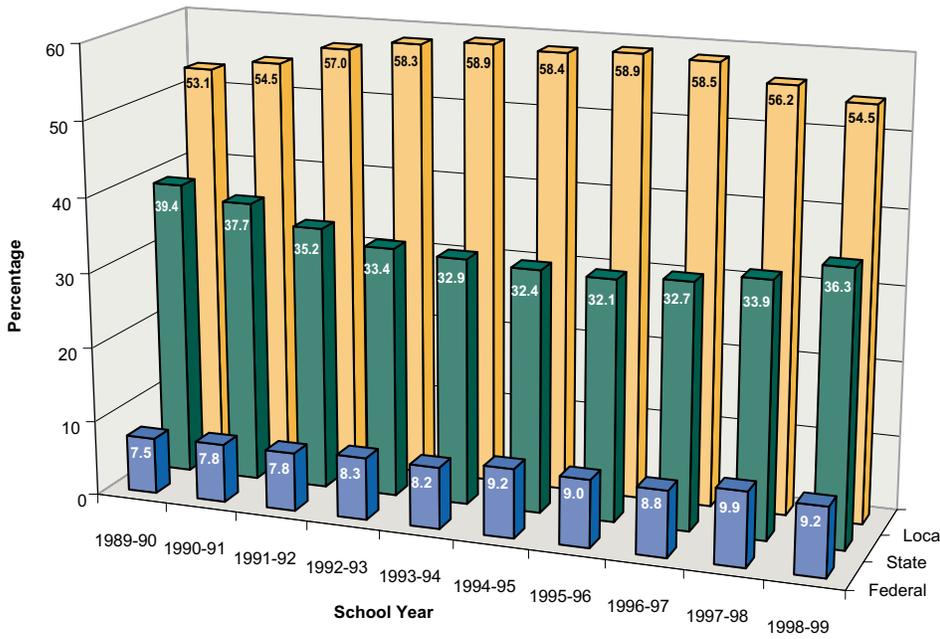
Education estimates, nearly \$15.6 billion in revenues from state, local and federal sources were directed to elementary and secondary education in Illinois for the 1998-99 school year. The \$15.6 billion receipted was \$1.3 billion or 9.1% higher than the prior school year and \$6.7 billion or 75.3% higher than the \$8.9 billion receipted in the 1989-90 school year.

Local revenues, which are primarily from property taxes, continue to be the largest source of funding for public elementary and secondary education. For the 1998-99 school year, the State Board estimates local sources provided nearly \$8.5 billion or 54.5% of total funding with \$5.7 billion or 36.3% from the state and \$1.4 billion or 9.2% from the federal government.

Compared to the beginning of the decade, or the 1989-90 school year, the state share of education funding has decreased by an estimated 3.1 percentage points while the local and federal shares have increased by 1.4 and 1.7 percentage points respectively. The poor financial condition of the state's General Funds throughout the

Percentage of State, Local and Federal Receipts for the Common Schools

SOURCE: State Board of Education



	1990	1991
Public Elem. & Sec. Education General Funds Expenditures	\$ 37	\$ 41
Operations		
Awards and Grants:		
General State Aid	2,073	2,106
Supplementary State Aid	10	6
Retirement	323	306
Special Education	323	333
Transportation	234	239
Early Childhood Education	49	63
Reading Improvement	41	41
Bi-lingual Education	45	48
School Safety and Educ. Improv.	0	0
Vocational Education	49	49
Professional Development	0	0
Technology for Success	0	0
All Other Grants	118	114
Total, Awards and Grants	3,265	3,305
Total, Public Elem. & Sec. Education General Funds Expenditures	3,302	3,346
Total, General Funds Expenditures	\$ 13,180	\$ 13,736
Public Education's Share of Total General Funds Expenditures**	25.1	24.4

* Includes the State Board of Education and Teachers Retirement System
 **Percentages exclude repayment of short-term borrowing principal in 1990

early to middle part of the 1990's led to a significant decline in the ratio of public education funding by the state. After contributing 39.4% of total funding in school year 1989-90, the state's portion of funding declined each school year through 1995-96 when it reached a low of 32.1%. That downward trend has now reversed. A robust economy, in conjunction with increases to the state's cigarette and public utility taxes, allowed the state to increase its ratio of support to 32.7% in 1996-97, 33.9% in 1997-98 and to an estimated 36.3% in 1998-99. (see chart)

Elementary and Secondary Education Spending

Approximately 90% of state spending for public elementary and secondary education comes from the state's General Funds which include the General Revenue Fund (the state's main

Elementary and Secondary Education*
 General Funds Expenditures (15 months)
 (Dollars in Millions)

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	
1	\$ 41	\$ 48	\$ 55	\$ 69	\$ 100	\$ 128	\$ 134	\$ 152	
06	2,109	2,121	2,186	2,285	2,326	2,378	2,471	2,922	
6	6	8	18	15	14	32	174	60	
06	292	291	301	300	362	417	494	584	
33	325	321	334	358	406	454	489	512	
39	233	230	235	252	257	258	267	297	
63	72	78	90	93	104	116	153	154	
41	40	40	44	45	45	45	47	83	
48	48	48	52	62	64	54	56	56	
0	0	0	0	0	22	78	82	56	
49	48	48	48	49	49	49	53	52	
0	0	0	0	0	0	0	0	26	
0	0	0	0	0	0	0	27	24	
14	95	98	113	132	109	133	149	157	
05	3,268	3,283	3,421	3,591	3,758	4,014	4,462	4,983	
46	3,309	3,331	3,476	3,660	3,858	4,142	4,596	5,135	
36	\$ 14,438	\$ 14,793	\$ 15,978	\$ 17,221	\$ 18,087	\$ 18,517	\$ 19,672	\$ 21,527	
4.4	23.2	23.0	22.6	21.6	21.3	22.4	23.4	23.9	

systems.

in fiscal years 1992 (\$185 million), 1993 (\$300 million), 1994 (\$600 million) and 1995 (\$300 million).

operating fund) and three funds specifically earmarked for education (Education Assistance Fund, Common School Fund and the General Revenue-Common School Special Account Fund). Fiscal year 1999 General Funds public elementary and secondary education spending by the State Board of Education and the Downstate and Chicago Teacher's Retirement systems totaled \$5.135 billion, \$1.833 billion or 55.5% more than fiscal year 1990 expenditures of \$3.302 billion.

As a direct reflection of the state's fiscal problems, General Funds spending increased by only \$29 million or 0.9% between fiscal year 1990 and fiscal year 1993. Over the next three fiscal years (1993-1996), General Funds spending for public education increased by an average of \$175 million or 5.0% annually as the state slowly began

and secondary education General Fund's expenditures in the 1990's reflecting the strong financial position enjoyed over the last few years.

The substantial increases in General Funds spending in the latter part of the decade also reveal that education has become a higher priority for lawmakers. After dedicating 25.1% of General Funds spending to elementary and secondary education in fiscal year 1990, education's share of total General Funds spending declined in each of the six succeeding years to a decade low of 21.3% in fiscal year 1996. Since that point, education's share of the General Funds has increased each year to 23.9% in fiscal year 1999.

The largest State Board of Education spending program is apportionment or general state aid. For fiscal year 1999, the State Board spent \$2.922 billion on

to emerge from its fiscal difficulties. From fiscal year 1996 through fiscal year 1999 expenditures from the General Funds for public education increased by an average of nearly \$426 million or 10.0% per year. The \$1.277 billion increase in fiscal years 1997, 1998 and 1999 accounts for 69.7% of the \$1.833 billion increase in elementary

apportionment grants, an increase of \$849 million or 41.0% over fiscal year 1990. Of the \$849 million increase in general state aid over the decade, \$544 million or 64.1% occurred in fiscal years 1998 and 1999. The significant increase in apportionment over the past two years is due in part to legislation, which established minimum foundation levels of financial support.

Up until fiscal year 1998, a special equalization formula was used to determine apportionment grants to districts based on average daily attendance guaranteeing each district a minimum amount of resources per student provided the district made a sufficient tax effort. For fiscal year 1998, legislation enacted established foundation levels of financial support that were deemed appropriate for a student to receive an "adequate" education. Those levels were established as \$4,100 for fiscal year 1998, \$4,225 for 1999, \$4,325 for 2000 and \$4,425 for 2001. In subsequent years, the General Assembly will determine the appropriate foundation level with advice from a newly created Funding Advisory Board consisting of 5 members to be appointed by the Governor.

The fastest growing segment of public education spending, particularly since 1995, have been retirement grants. State grants supplement employee contributions and investment income in funding the teacher's retirement systems. Fiscal year 1999 spending for retirement totaled \$584 million, \$261 million or 80.8% higher than fiscal year 1990 spending of \$323 million. Retirement grant spending actually declined \$23 million to \$300 million from fiscal year 1990 to fiscal year 1995 before jumping \$284 million in the four subsequent fiscal years.

COVER STORY continued, page 12

This significant increase in retirement grants is due to pension funding legislation, which took effect in fiscal year 1996. This legislation provides for a 50-year funding plan including a 15-year phase-in period with the ultimate goal of increasing the actuarial funded ratio to 90.0%. The act also provides the Comptroller with continuing appropriation authority for the required employer contributions.

The remainder of grant spending for elementary and secondary education consists primarily of categorical grants. Categorical grants are payments earmarked to school districts for specific purposes such as special education, transportation, early childhood education and reading improvement.

The largest categorical grant program is for special education for the handicapped which includes reimbursements to school districts for approved personnel who perform services in special education programs. Special education grant payments of \$512 million in fiscal year 1999 are \$189 million or 58.5% higher than fiscal year 1990 payments of \$323 million.

The second largest categorical program is transportation, which provides grants to reimburse allowable costs of school districts above a required local contribution to provide transportation for regular, vocational, and special education students. Fiscal year 1999 transportation grant spending of \$297 million is \$63 million or 26.9% higher than fiscal year 1990 spending of \$234 million.

Grants for early childhood education have grown dramatically throughout the 1990's. Spending of \$154 million in fiscal year 1999 is more than three times the \$49 million expended in 1990.

Expenditures for reading improvement have also increased significantly with the \$83 million spent in fiscal year 1999 more than double the \$41 million spent in 1990.

The smallest portion of General Funds spending for public education is operations with spending of \$152 million in fiscal year 1999, an increase of \$115 million or 310.8% since 1990. While the bulk of operations spending at most agencies is typically for employee salaries and benefits, many programs at the State Board are coded as a lump sum oper-

enrollment of 1,758,607. The State Board forecasts that the overall public school enrollment will continue to increase through the 2005-06 school year by another 131,315 pupils before leveling off. *See table below.*

Despite the fact that nearly 177,000 more students are enrolled in the state's public schools, pupil/teacher ratios have remained fairly steady over the past decade due to the hiring of new teachers. For the 1989-90 school year, the pupil/teacher ratio in elementary schools was 20.2 compared to 17.1 in secondary classrooms.

By the 1998-99 school year, the elementary ratio had declined by 0.6 to 19.6 while the secondary ratio increased by 1.0 to 18.1.

Student Performance Measurement

With the infusion of a significant amount of new state dollars over the last few years, lawmakers demanded accountability for the taxpayer's investment.

Changes in statewide achievement tests were undertaken and instituted in fiscal year 1999. The switch from IGAP testing to ISAT testing includes testing at the grade 5 level instead of grade 6 as well as test results for high school students becoming part of their permanent record and test results for elementary pupils becoming part of their temporary record.

Illinois Public School Enrollment & Pupil/Teacher Ratios

School Year	Enrollment			Pupils per Teacher	
	Elementary	Secondary	Total	Elementary	Secondary
1989-90	1,246,955	511,652	1,758,607	20.2	17.1
1990-91	1,270,383	506,941	1,777,324	19.9	17.0
1991-92	1,286,620	514,546	1,801,166	19.8	17.5
1992-93	1,301,016	522,592	1,823,608	19.7	17.5
1993-94	1,310,817	529,814	1,840,631	19.9	18.2
1994-95	1,319,985	541,253	1,861,238	19.6	18.2
1995-96	1,338,890	547,193	1,886,083	19.5	17.9
1996-97	1,358,721	551,786	1,910,507	20.0	18.5
1997-98	1,376,466	549,936	1,926,402	20.0	18.5
1998-99	1,389,319	546,200	1,935,519	19.6	18.1
PROJECTIONS					
1999-00	1,410,677	559,689	1,970,366		
2000-01	1,430,660	577,020	2,007,680		
2001-02	1,438,185	586,921	2,025,106		
2002-03	1,441,328	594,988	2,036,316		
2003-04	1,440,022	607,180	2,047,202		
2004-05	1,431,823	629,790	2,061,613		
2005-06	1,420,020	646,814	2,066,834		
2006-07	1,408,998	658,280	2,067,278		
2007-08	1,399,247	664,395	2,063,642		

Source: State Board of Education.

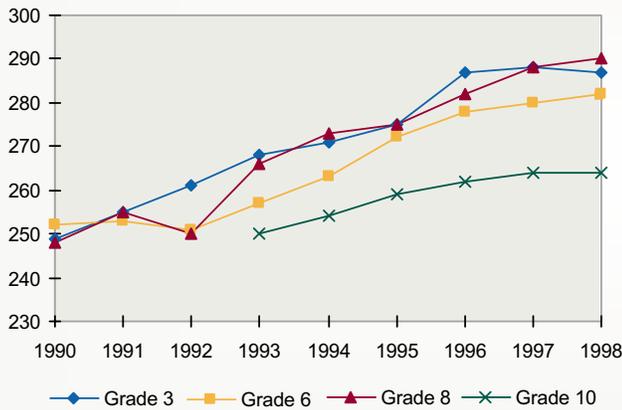
ations and include both grant and operations type spending.

Enrollment

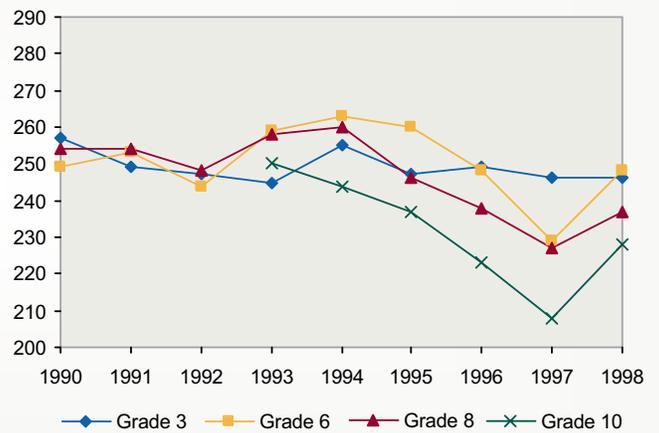
Public school enrollment increased for the ninth consecutive year during the 1998-99 school year. Kindergarten through twelfth grade enrollment of 1,935,519 for the 1998-99 school year is 176,912 or 10.1% higher than school year 1989-90

SOURCE: State Board of Education

State Mean IGAP Scores for Math



State Mean IGAP Scores for Reading



The accompanying chart shows a downturn in IGAP reading scores from 1993 to 1997 for all grade levels tested. However, reading test scores increased significantly for grades 6, 8 and 10 in 1998 while grade 3 scores remained steady. ISAT testing for reading in 1999 showed that 39% of third and fifth grade students, 28% of eighth grade students and 30% of tenth grade students were graded either below standards or on academic warning. Conversely, math scores have increased significantly throughout the 1990's, particularly in grades 3, 6 and 8. For 1999, ISAT mathematics results reveal that 32% of third graders, 45% of fifth graders, 57% of eighth graders and 47% of tenth graders were below standards or on academic warning.

A Look Ahead

With a pledge by the Governor to dedicate at least 50% of new revenues to education and job training, public elementary and secondary education funding for the first decade of the new millennium is continuing the trend of significantly increased state funding established in the last few years of the 1990's. Fiscal year 2000 General Fund's appropriations of

\$5.577 billion are \$394 million or 7.6% above fiscal year 1999 appropriations. For fiscal year 2001, the Governor has proposed an increase of \$370 million or 6.6%. Since student enrollment is projected to increase significantly through the

2005-06 school year and with tax caps in place for many school districts limiting the amount of additional funding from local sources, increased state funding will be vital to the fiscal health of schools throughout Illinois. ■

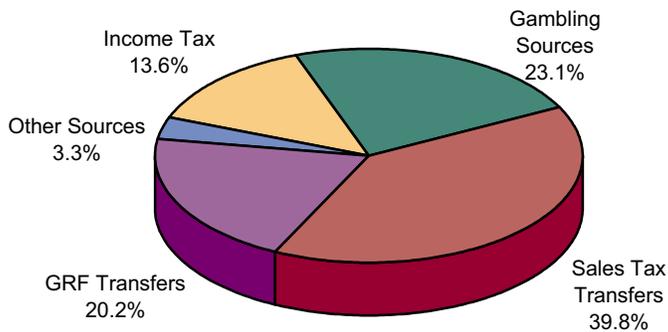
Websites of Interest to Illinois Educators

WEB Site Address	Organization
<i>Technology</i>	
www.isbe.state.il.us/learn-technology/Default.html	ISBE Learning Technologies
www.lincon.net/Default.htm	Illinois Century Network
www.ed.gov/Technology/	U.S. Office of Educational Technology
www.21ct.org	21st Century Teachers Network
www.iste.org	International Society for Technology in Education
www.slcfund.org	Schools and Libraries Funding Requests (E-Rate)
www.edlinc.org/edlinc/	Education and Libraries Networks Coalition
ucpnet.org/P_S/ATEN/aten.html	Assistive Technology Exchange Network
<i>General</i>	
www.isbe.state.il.us	Illinois State Board of Education
www.tr.sate.il.us	Illinois Teachers Retirement System
www.iasb.com	Illinois Association of School Boards
ipa.vsat.net	Illinois Principals Association
www.ieanea.org	Illinois Education Association
ift-aft.org	Illinois Federation of Teachers
illearningpartnership.org/home/welcome.htm	Illinois Learning Partnership
www.prairienet.org/cpta/Illinois/	Illinois PTA
www.ed.gov	U.S. Department of Education
www.ed.gov/free/	Federal Resources for Educational Excellence (FREE)
nces.ed.gov	National Center for Education Statistics
www.ericae.net	Educational Resources Information Clearinghouse
www.ecs.org	Education Commission of the States
geminfo.org	The Gateway to Educational Materials
www.hood.edu/seri/serihome.htm	Special Education Resources on the Internet
www.nea.org	National Education Association
www.aft.org	American Federation of Teachers
www.nsba.org	National School Boards Association

Focus On Revenue concluded

transfer authority from the General Revenue Fund that the Common School Fund has.

**Education Revenues
Fiscal Year 1990**



Income taxes into the EAF totaled \$609 million in fiscal year 1999 and accounted for 70.8% of total revenues. Riverboat gambling tax transfers were \$240 million or 27.9% of the total.

Combined Analysis

Combining the two funds and grouping like sources reveals some interesting trends in funding education. The gambling

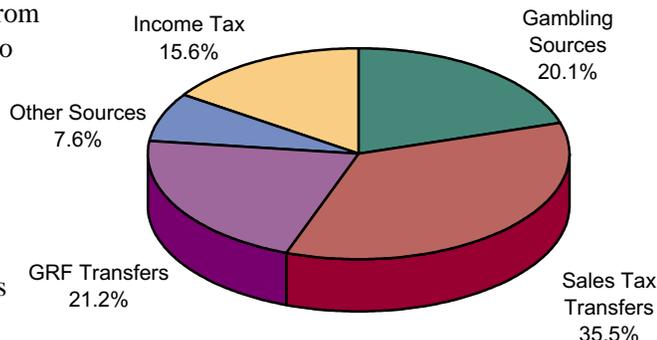
sources group was calculated by adding lottery transfers, riverboat gaming transfers, bingo taxes, and pull tabs and jar games taxes and fees.

The largest source of revenue for education is the sales tax transfer, accounting for 35.5% of education revenues in fiscal year 1999. Because of increased revenues from other sources, this share has declined from 39.8% in fiscal year 1990. Deficiency transfers from the General Revenue Fund represented 21.2% of fiscal year 1999 education revenues, up slightly from fiscal year 1990. Gambling sources, even with the addition of riverboat gambling, decreased from 23.1% in fiscal year 1990 to 20.1% in fiscal year 1999. This decline was due to growth in other sources and a decrease in lottery transfers. Income taxes over the period experienced dramatic growth and as a result the share of education revenues

from incomes taxes also increased from 13.6% to 15.6%. Because of the previously mentioned tax increases, education revenues from other sources more than tripled over the ten year period. Other sources in fiscal year 1999 represented 7.6% of total education revenues.

These percentages can fluctuate over the years depending on revenue growth, tax changes and spending levels. For example, gambling sources should increase in the next few years due to the implementation of dockside gambling, and then level out to a no growth source of funds. However, it is doubtful that it will surpass the sales tax as the major source of dedicated revenues for education. ■

**Education Revenues
Fiscal Year 1999**



Focus On Spending concluded

must meet minimum enrollment requirements. Those requirements are a minimum of 200 students for elementary (grades K-8) and high school (grades 9-12) districts, and a minimum of 400 students for unit (grades K-12) districts.

The amount of state funding for a school construction project is determined by a "grant index." The grant index is set by law and is an indicator of the school district's property wealth compared to the property wealth of the district located at the 90th percentile for all districts of the same type (grades K-8 elementary districts, grades 9-12 high school districts, or grades K-12 unit districts). The law limits the grant index to be no less than .35 for wealthier districts and no greater than .75 for poorer districts. Once the grant index is computed, the amount of the state grant is determined by multiplying the index times the construction costs approved by CDB. State construction grants therefore range from 35% to 75% of construction costs. Districts whose property wealth is at

or above the 99th percentile for similar type districts have a grant index of "0."

Distribution of Funds

From May 1998 to February 2000, the state issued 187 school construction grants worth \$888.6 million. School districts receiving these grants will contribute another \$992.2 million as their local share of construction costs. Together, state and local funds for the 187 projects will stimulate \$1.9 billion in construction work. Overall, the state will pay for 47% of construction costs and local school districts will pay for 53% of costs.

Geographically, school construction grants have been concentrated in Cook County and its five collar counties. Chicago received \$177.3 million in grants (20% of all grants awarded as required by law.). Another \$371.7 million in grants (42% of all grants) went to districts located in suburban Cook County, DuPage, Kane, Lake, McHenry, and Will Counties. The remaining \$339.6 mil-

lion, (38% of all grants) went to the schools located in other areas of the state.

Thirty-eight grants (20% of all grants) were awarded at the maximum grant index of .75 (the state pays for 75% of construction cost). Forty-nine grants (26% of all grants) were awarded at the minimum grant index of .35 (the state pays for 35% of construction costs).

Looking Ahead

The state's renewed emphasis upon school construction is likely to continue over the next several years as the state implements its commitment to provide over \$2 billion in funds for school construction projects. The governor's proposed state budget recommends spending \$500 million for school construction grants during fiscal year 2001. State funds for school construction, coupled with local funds, will play an important role toward improving the learning environment for children in all areas of the state. ■

Local Government Line

Education and Training Conferences for Local Governments

Comptroller Daniel W. Hynes is pleased to offer Local Government Education and Training Conferences that are designed to improve the accuracy and timeliness of financial information reported by local governments. State law requires the Comptroller to provide educational and training programs to assist local governments in complying with financial reporting requirements. Local government officials are urged to take advantage of these educational opportunities and the Comptroller looks forward to your participation and feedback. These training conferences have been structured to benefit local officials in various staff positions within all types of governments in all regions throughout Illinois. The primary focus of the conferences is annual financial reporting, but this information will be supplemented with several breakout sessions on a variety of related topics. Finance directors, treasurers, clerks, auditors, accountants, and other professionals employed by local units of government are welcome and encouraged to attend. The training conferences are free and are scheduled in several cities throughout the state. If you have any questions, please contact Citseko Staples, phone: 312-814-7184, email: staplcn@mail.ioc.state.il.us

TOPICS

- Covering the Basics/FY 2000 AFRs
- How to Fill Out an AFR Line-By-Line
- Using Internet Filing Screen-By-Screen
- Debt Management
- For Auditors Only
- Tax Increment Financing Reporting

APRIL, 2000

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
23	24	25	26	27	28	29 WESTERN ILLINOIS Cemetery Cleanup

MAY, 2000

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 CHAMPAIGN Education & Training	2 EFFINGHAM Education & Training	3	4	5	6 NORTHERN ILLINOIS Cemetery Cleanup
7	8	9 QUINCY Education & Training	10 ROCKFORD Education & Training	11	12	13 CENTRAL ILLINOIS Cemetery Cleanup
14	15	16	17 CARBONDALE Education & Training	18 ST LOUIS METRO AREA Education & Training	19	20 SOUTHERN EASTERN ILLINOIS Cemetery Cleanup
21	22	23 SPRINGFIELD Education & Training	24 SPRINGFIELD Education & Training	25	26	27 SO IL & METRO EAST REGION Cemetery Cleanup

JUNE, 2000

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5	6 SOUTH SUBURBS Education & Training	7 PEORIA Education & Training	8 WEST SUBURBS Education & Training	9	10

Cemetery Cleanup Efforts Scheduled

The Comptroller has designated the month of May 2000 for cleaning up abandoned cemeteries throughout the State of Illinois. Based on testimony received at six statewide hearings the Comptroller conducted during 1999, the need to address the maintenance and care of abandoned cemeteries in Illinois became apparent. This cemetery cleanup project is designed to bring increased awareness to the issue by recruiting local volunteers to work to improve and maintain their local abandoned cemeteries.

The calendar shows the dates for cleanup efforts in specific regions of the state.

If you have any questions, please contact Nikki Budzinski
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CEMETERY

Care Corner

Cemetery Care Reform Highlights

Due in part to consumer hearings conducted by the Office of the Comptroller during the summer of 1999, many issues related to abandoned cemeteries and the pre-need cemetery/funeral/burial sales industry were brought to light. As a result of these hearings and countless consumer calls, House Bill 3988 was drafted to meet and resolve many of the concerns that were voiced.

Abandoned Cemeteries

One longstanding problem in the cemetery industry has been the number of abandoned and neglected cemeteries in Illinois. Currently there are at least several thousand abandoned cemeteries that have remained unkempt for years due to high maintenance costs and responsibilities placed on the surrounding communities. In recognition of this problem, House Bill 3988 would establish a Cemetery Preservation Fund and Grant Program to provide financial assistance for the preservation of abandoned cemeteries throughout Illinois. If the legislation passes, beginning January 1, 2001, compulsory registration fees, license fees, reporting fees and penalties paid to the State Comptroller would be deposited in the Cemetery Preservation Fund. Under recommendation of a five-member Cemetery Advisory Board, the Comptroller would distribute payments to units of local government, surrounding schools, and non-for profit organizations for the clean up or restoration of abandoned and neglected cemeteries.

New Responsibilities for Privately Operated Cemeteries

House Bill 3988 addresses consumer protection issues by enhancing the

Comptroller's oversight of privately operated cemeteries. New responsibilities required of private owners include: 1) the reasonable maintenance of cemeteries; 2) the posting of cemetery regulations and fees; 3) surveying and mapping of the cemetery land; 4) maintaining accurate burial records; and 5) providing maps and burial records that are accessible to the public.

Other Consumer Protections

Additional consumer protections, perhaps more central to the Comptroller's office, clarify the relationship and responsibilities of those selling a pre-need contract. Pre-need sales refer to the pre-arranged sale of funeral, burial, or cemetery merchandise and/or services. The consumer protection provisions specify disclosures that must be contained within each pre-need contract and improve refund provisions that must be provided under a pre-need contract. This legislation makes the purchaser of the assets of a pre-need licensee liable for any shortages in trust funds prior to or subsequent to a licensee's sale or transfer of the business, and streamlines the process by which consumers apply for restitution under the Pre-Need Cemetery Sales Act. Furthermore, the legislation requires all contracts to be written in at least 12-point type, numbered and executed in duplicate.

Licensing/Record Keeping/Penalties

In order to screen those operating within the funeral and cemetery industry, House Bill 3988 clarifies licensing and record-keeping requirements for privately operated cemeteries and entities licensed to conduct pre-need sales of cemetery or burial merchandise and services. This bill further strengthens the grounds under which the Comptroller may deny, suspend, or revoke a license. Finally, penalties for noncompliance and/or intentional viola-

tions of the Cemetery Care Act, the Pre-Need Cemetery Sales Act, or the Funeral or Burial Funds Act, ordered by the Comptroller, have been increased from \$5,000 to \$10,000.

Conclusion

While the above mentioned measures in House Bill 3988 have been designed to facilitate compliance, efforts have already been made to increase communications between the Comptroller's Office and those in the cemetery and funeral industry. These efforts are continuous but have so far taken the form of the clarification of existing forms and reporting procedures, an increased mailing effort regarding important changes and dates pertaining to the industry, and the establishment of a toll-free consumer hotline (1-877-203-3401). The consumer hotline has been a great resource in highlighting current problems in the cemetery care and funeral industry.

[NOTE: As of this writing, HB 3988 had passed the House and was re-referred to the Rules Committee in the Senate. The Comptroller's Cemetery Care Reform legislation is supported by groups such as the AARP, Illinois Funeral Directors Association, Illinois Township Officials, Illinois State Historical Society, and State Genealogical Society.] ■

FISCAL SMARTS concluded...

Based on a very preliminary study of the first year of tax credits, Arizona's Department of Revenue identified \$1.8 million in contributions to private school tuition organizations (eligible for the \$500 credit) and \$8.9 million for the public school activity fees (eligible for the \$200 credit). The Iowa Department of Revenue reported that \$9 million was claimed for the tuition and textbook credit in tax year 1998. Also for tax year 1998, the Minnesota Department of Revenue reported \$14.4 million claimed under the education credit, and projected a \$10 million loss to the treasury due to the education deduction. Spokespersons for these departments cautioned that these tax programs are just beginning and that not all eligible taxpayers are aware of them. In addition, the data in some cases are based on preliminary samples of returns. All expect the number of claims and the dollar amounts claimed to increase in future years. ■

Vital Statistics

The Heartbeat of Illinois' Finance

Through the third quarter of fiscal year 2000, the available cash balance in the General Funds totaled \$605 million, \$205 million or 25.3% below last March and \$746 million or 55.2% below the \$1.351 billion balance at the beginning of the fiscal year. All of the decline in the balance from last March can be attributed to the General Revenue Fund as the cumulative balance in the three school funds is up \$70 million over last year while the balance in the General Revenue Fund is down \$275 million.

The significant drop in the General Revenue Fund balance from last March is due to an accelerated spending pace. General Revenue Fund warrants issued as a percentage of appropriations through March of fiscal year 2000 total 72.9% compared to 70.7% last year. While a 2.2 percentage point increase in the pace of warrants issued may not seem like a lot, given that General Revenue Fund appropriations for fiscal year 2000 are slightly more than \$17.0 billion, the acceleration amounts to approximately \$375 million.

General Funds Revenues Through Nine Months - Up 6.2% Over FY 1999

With a \$249 million or 12.9% increase in March (compared to last March), General Funds revenues of \$16.618 billion through the first nine months of fiscal year 2000 are \$977 million or 6.2% higher than last year. The \$249 million increase in March is primarily due to a \$198 million or 103.7% increase in corporate income tax receipts for the month. Approximately \$130 million of the increase is due to a one-time payment. Other sources of revenue that recorded an increase over last March include federal receipts (up \$42 million), Cook County Intergovernmental transfers (up \$31 million), sales taxes (up \$21 million) and riverboat gaming transfers (up \$9 million). Sources of revenue that recorded a decrease include public utility taxes (down \$26 million),

inheritance taxes (down \$23 million) and insurance taxes and fees (down \$16 million).

Sales and income taxes account for the lion's share (\$714 million or 73.1%) of the \$977 million year-to-date increase over fiscal year 1999. Through nine months, sales tax receipts of \$4.482 billion are \$322 million or 7.7% higher than comparable fiscal year 1999 receipts. The 7.7% increase is 1.2 percentage points higher than the 6.5% projected increase by the Bureau of the Budget. Individual income tax receipts of \$5.175 billion through March are \$266 million or 5.4% higher than last year. The Bureau has projected a 4.5% increase for individual income taxes. Corporate income tax receipts of \$821 million are \$126 million or 18.1% higher than last year and significantly higher than the 6.3% decline projected.

Other sources of revenue which have increased on a year-to-year basis include public utility taxes (up \$87 million or 11.5%), liquor taxes (up \$50 million or 116.3%), riverboat gaming transfers (up \$58 million or 30.9%) and federal revenues (up \$39 million or 1.3%). Liquor tax receipts have increased due to the rate hikes instituted as part of Illinois FIRST while the increase in riverboat gambling proceeds is due in part to the implementation of dockside gambling.

General Funds Spending Through Nine Months - Up 8.3% Over FY 1999

Through March, General Funds cash spending totaled \$17.364 billion, \$1.331 billion or 8.3% above last year. The \$1.331 billion includes an \$888 million increase in spending for awards and grants, \$381 million growth in operations, a \$107 million increase in transfers out, and \$64 million more in all other. After nine months of fiscal year 2000, expenditures have exceeded

revenues by \$746 million resulting in a decrease in the available cash balance.

Of the \$888 million increase in awards and grants, \$329 million or 37.0% is from the State Board of Education, including \$203 million in March. However, a portion of the March increase is misleading. Slightly more than \$123 million of the \$203 million increase was due to the early delivery of the general state aid payment, scheduled to be paid on April 10th. While the state aid payment shows up as an expenditure as soon as the voucher is entered into the Statewide Accounting Management System (SAMS), the payment will not be released until it's scheduled date. The early delivery of the state aid payment also accounts for the abnormally large variation in the adjustment for vouchers payable for March.

Other increases in awards and grants spending include Public Aid grants for medical assistance (up \$394 million or 12.5%), Department of Human Services grants (up \$80 million or 4.3%), Teachers Retirement grants (up \$47 million or 10.7%), Higher Education grants (up \$17 million or 2.9%) and all other grants (up \$21 million or 2.0%).

Spending for operations totaled \$4.815 billion through March, \$381 million or 8.6% higher than comparable expenditures last year. Higher education operations are up 5.1% or \$65 million, while all other operations increased \$316 million (10.0%).

A Look Ahead

A drop in the General Funds (and General Revenue Fund) available cash balance from the beginning of the year to the end of March was expected due to the seasonal flow of revenues. However, the decline was amplified to some extent by accelerated spending of approximately \$480 million. From about mid-April through the end of the fiscal year, the available cash balance in the General Funds (and the General Revenue Fund) will grow dramatically as the seasonal flow of revenues works in the state's favor. During fiscal years 1998 and 1999, the General Funds available cash balance increased by \$781 million and \$910 million respectively between the individual income tax deadline and the end of May. ■

FEBRUARY 2000

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

	Eight Months			
	Feb. 2000	FY 2000	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 784	\$ 1,351	\$ 149	12.4 %
Revenues	1,619	14,433	728	5.3
Expenditures	1,847	15,228	1,146	8.1
Ending Balance	\$ 556	\$ 556	\$ (269)	(32.6) %
General Revenue Fund				
Available Balance	\$ 485	\$ 1,016	\$ 4	0.4 %
Revenues	1,399	12,383	636	5.4
Expenditures	1,569	13,084	985	8.1
Ending Balance	\$ 315	\$ 315	\$ (345)	(52.3) %
Common School Special Account Fund				
Available Balance	\$ 74	\$ 68	\$ 9	15.3 %
Revenues	109	996	75	8.1
Expenditures	123	1,004	69	7.4
Ending Balance	\$ 60	\$ 60	\$ 15	33.3 %
Education Assistance Fund				
Available Balance	\$ 199	\$ 210	\$ 126	150.0 %
Revenues	55	590	51	9.5
Expenditures	88	634	111	21.2
Ending Balance	\$ 166	\$ 166	\$ 66	66.0 %
Common School Fund				
Available Balance	\$ 25	\$ 57	\$ 12	26.7 %
Revenues	227	1,694	(109)	(6.0)
Expenditures	236	1,735	(94)	(5.1)
Ending Balance	\$ 16	\$ 16	\$ (3)	(15.8) %

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)

	Eight Months			
	Feb. 2000	FY 2000	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 533	\$ 4,621	\$ 257	5.9 %
Corporate	17	432	(72)	(14.3)
Total, Income Taxes	\$ 550	\$ 5,053	\$ 185	3.8 %
Sales Taxes	437	4,004	301	8.1
Other Sources:				
Public Utility Taxes	101	724	113	18.5
Cigarette Taxes	31	265	(2)	(0.7)
Inheritance Tax (gross)	16	237	(14)	(5.6)
Liquor Gallonage Taxes	7	81	42	107.7
Insurance Taxes and Fees	3	93	(28)	(23.1)
Corporation Franchise Tax and Fees	7	82	6	7.9
Investment Income	26	158	8	5.3
Cook County IGT	0	138	(9)	(6.1)
Other	12	154	5	3.4
Total, Other Sources	\$ 203	\$ 1,932	\$ 121	6.7 %
Total, Cash Receipts	\$ 1,190	\$ 10,989	\$ 607	5.8 %
Transfers In:				
Lottery Fund	\$ 35	\$ 289	\$ (9)	(3.0) %
State Gaming Fund	15	221	48	27.7
Protest Fund	0	4	(7)	(63.6)
Other Funds	10	374	92	32.6
Total, Transfers In	\$ 60	\$ 888	\$ 124	16.2 %
Total, State Sources	\$ 1,250	\$ 11,877	\$ 731	6.6 %
Federal Sources:				
Cash Receipts	\$ 344	\$ 2,456	\$ 7	0.3 %
Transfers In	25	100	(10)	(9.1)
Total, Federal Sources	\$ 369	\$ 2,556	\$ (3)	(0.1) %
Total, Revenues	\$ 1,619	\$ 14,433	\$ 728	5.3 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES (Dollars in Millions)

	Eight Months			
	Feb. 2000	FY 2000	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 364	\$ 3,017	\$ 274	10.0 %
Elem. & Sec. Education:				
State Board of Education	307	2,855	127	4.7
Teachers Retirement	54	433	39	9.9
Total, Elem. & Sec. Education	\$ 361	\$ 3,288	\$ 166	5.3 %
Human Services				
Higher Education	202	1,781	110	6.6
All Other Grants	82	971	34	3.6
Total, Awards and Grants	\$ 1,144	\$ 9,620	\$ 612	6.8 %
Operations:				
Other Agencies				
Higher Education	\$ 366	\$ 3,101	\$ 286	10.2 %
Total, Operations	\$ 518	\$ 4,286	\$ 348	8.8 %
Transfers Out				
All Other	\$ 192	\$ 1,271	\$ 101	8.6 %
Vouchers Payable Adjustment	\$ 3	\$ 85	\$ 65	325.0 %
Total, Expenditures	\$ 1,847	\$ 15,228	\$ 1,146	8.1 %

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

	Eight Months			
	Feb. 2000	FY 2000	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 187	\$ 1,499	\$ (740)	(33.1) %
Other Personal Services	20	160	10	6.7
Total, Personal Services	\$ 207	\$ 1,659	\$ (730)	(30.6) %
Contribution Retirement	38	308	30	10.8
Contribution Social Security	13	106	1	1.0
Contribution Group Insurance	44	349	22	6.7
Contractual Services	34	341	(46)	(11.9)
Travel	2	16	(1)	(5.9)
Commodities	10	93	(1)	(1.1)
Printing	2	7	0	0.0
Equipment	2	29	(10)	(25.6)
Electronic Data Processing	3	34	2	6.3
Telecommunications	4	31	(9)	(22.5)
Automotive Equipment	1	11	0	0.0
Other Operations	158	1,302	1,090	514.2
Total, Operations	\$ 518	\$ 4,286	\$ 348	8.8 %

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

	Eight Months			
	Feb. 2000	FY 2000	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 247	\$ 1,760	\$ (43)	(2.4) %
Categoricals	60	1,095	174	18.9
Other	0	0	(4)	(100.0)
Public Aid	364	3,017	274	10.0
Human Services	202	1,781	110	6.6
Higher Education:				
Student Assistance Commission	25	283	15	5.6
Community College Board	82	233	8	3.6
Other	28	47	5	11.9
Teacher's Retirement	54	433	39	9.9
Children and Family Services	54	537	62	13.1
Aging	8	137	21	18.1
Revenue	3	36	5	16.1
All Other	17	261	(54)	(17.1)
Total, Awards and Grants	\$ 1,144	\$ 9,620	\$ 612	6.8 %

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

	Nine Months			
	Mar. 2000	FY 2000	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 556	\$ 1,351	\$ 149	12.4 %
Revenues	2,185	16,618	977	6.2
Expenditures	2,136	17,364	1,331	8.3
Ending Balance	\$ 605	\$ 605	\$ (205)	(25.3) %
General Revenue Fund				
Available Balance	\$ 315	\$ 1,016	\$ 4	0.4 %
Revenues	1,900	14,283	853	6.4
Expenditures	1,859	14,943	1,132	8.2
Ending Balance	\$ 356	\$ 356	\$ (275)	(43.6) %
Common School Special Account Fund				
Available Balance	\$ 60	\$ 68	\$ 9	15.3 %
Revenues	119	1,115	81	7.8
Expenditures	116	1,120	80	7.7
Ending Balance	\$ 63	\$ 63	\$ 10	18.9 %
Education Assistance Fund				
Available Balance	\$ 166	\$ 210	\$ 126	150.0 %
Revenues	94	684	75	12.3
Expenditures	73	707	121	20.6
Ending Balance	\$ 187	\$ 187	\$ 80	74.8 %
Common School Fund				
Available Balance	\$ 16	\$ 57	\$ 12	26.7 %
Revenues	242	1,936	(98)	(4.8)
Expenditures	258	1,993	(67)	(3.3)
Ending Balance	\$ 0	\$ 0	\$ (19)	(100.0) %

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)

	Nine Months			
	Mar. 2000	FY 2000	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 553	\$ 5,175	\$ 266	5.4 %
Corporate	389	821	126	18.1
Total, Income Taxes	\$ 942	\$ 5,996	\$ 392	7.0 %
Sales Taxes	478	4,482	322	7.7
Other Sources:				
Public Utility Taxes	121	845	87	11.5
Cigarette Taxes	35	300	(3)	(1.0)
Inheritance Tax (gross)	19	256	(37)	(12.6)
Liquor Gallonage Taxes	12	93	50	116.3
Insurance Taxes and Fees	17	110	(45)	(29.0)
Corporation Franchise				
Tax and Fees	15	97	9	10.2
Investment Income	19	176	9	5.4
Cook County IGT	31	169	22	15.0
Other	21	175	3	1.7
Total, Other Sources	\$ 290	\$ 2,221	\$ 95	4.5 %
Total, Cash Receipts	\$ 1,710	\$ 12,699	\$ 809	6.8 %
Transfers In:				
Lottery Fund	\$ 47	\$ 336	\$ (7)	(2.0) %
State Gaming Fund	25	246	58	30.9
Protest Fund	0	5	(6)	(54.5)
Other Funds	23	396	84	26.9
Total, Transfers In	\$ 95	\$ 983	\$ 129	15.1 %
Total, State Sources	\$ 1,805	\$ 13,682	\$ 938	7.4 %
Federal Sources:				
Cash Receipts	\$ 376	\$ 2,832	\$ 49	1.8 %
Transfers In	4	104	(10)	(8.8)
Total, Federal Sources	\$ 380	\$ 2,936	\$ 39	1.3 %
Total, Revenues	\$ 2,185	\$ 16,618	\$ 977	6.2 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES (Dollars in Millions)

	Nine Months			
	Mar. 2000	FY 2000	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 524	\$ 3,540	\$ 394	12.5 %
Elem. & Sec. Education:				
State Board of Education	633	3,488	329	10.4
Teachers Retirement	54	487	47	10.7
Total, Elem. & Sec. Education	\$ 687	\$ 3,975	\$ 376	10.4 %
Human Services	172	1,953	80	4.3
Higher Education	40	604	17	2.9
All Other Grants	104	1,075	21	2.0
Total, Awards and Grants	\$ 1,527	\$ 11,147	\$ 888	8.7 %
Operations:				
Other Agencies	\$ 381	\$ 3,482	\$ 316	10.0 %
Higher Education	148	1,333	65	5.1
Total, Operations	\$ 529	\$ 4,815	\$ 381	8.6 %
Transfers Out	\$ 151	\$ 1,422	\$ 107	8.1 %
All Other	\$ 3	\$ 87	\$ 64	278.3 %
Vouchers Payable Adjustment	\$ (74)	\$ (107)	\$ (109)	N/A
Total, Expenditures	\$ 2,136	\$ 17,364	\$ 1,331	8.3 %

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

	Nine Months			
	Mar. 2000	FY 2000	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 185	\$ 1,684	\$ (835)	(33.1) %
Other Personal Services	21	181	12	7.1
Total, Personal Services	\$ 206	\$ 1,865	\$ (823)	(30.6) %
Contribution Retirement	38	346	33	10.5
Contribution Social Security	13	119	1	0.8
Contribution Group Insurance	44	393	25	6.8
Contractual Services	42	383	(54)	(12.4)
Travel	2	19	0	0.0
Commodities	12	105	(3)	(2.8)
Printing	1	8	0	0.0
Equipment	7	36	(9)	(20.0)
Electronic Data Processing	5	39	3	8.3
Telecommunications	8	39	(6)	(13.3)
Automotive Equipment	1	12	(1)	(7.7)
Other Operations	150	1,451	1,215	514.8
Total, Operations	\$ 529	\$ 4,815	\$ 381	8.6 %

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

	Nine Months			
	Mar. 2000	FY 2000	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 369	\$ 2,129	\$ 83	4.1 %
Categoricals	264	1,359	250	22.5
Other	0	0	(4)	(100.0)
Public Aid	524	3,540	394	12.5
Human Services	172	1,953	80	4.3
Higher Education:				
Student Assistance Commission	33	316	12	3.9
Community College Board	0	233	7	3.1
Other	7	55	(2)	(3.5)
Teacher's Retirement	54	487	47	10.7
Children and Family Services	34	571	34	6.3
Aging	13	149	16	12.0
Revenue	21	57	9	18.8
All Other	36	298	(38)	(11.3)
Total, Awards and Grants	\$ 1,527	\$ 11,147	\$ 888	8.7 %

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