

Governing Efficiently: More Than \$225M in FY21 Savings

Initiatives Projected to Save At Least \$750M Over Three Years

Governor Pritzker is committed to managing Illinois' finances responsibly and effectively, even as he looks to make key investments in the vital services that were hollowed out under previous administrations.

As part of the State's annual budget development process, the Office of the Governor and the Governor's Office of Management and Budget (GOMB) have been working to identify opportunities to more efficiently operate state government and save taxpayer resources without sacrificing programs that are crucial for all Illinoisans.

*Collectively, these operational efficiencies, enhanced revenue collections and health care savings represent over **\$225 million dollars in budgetary relief for Fiscal Year 2021**. This effort is ongoing and will continue to yield results every year, with the 3-year savings conservatively projected to exceed \$750 million.*

The identified efficiencies can be categorized into three main areas: optimizing state agency operations, consolidating agencies and eliminating duplicative or dormant boards and commissions.



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OPTIMIZING STATE AGENCY OPERATIONS

Agency directors and staff have been working to rein in costs to ensure that a high quality of services are delivered as efficiently as possible. The examples below includes budgeted savings and forward-looking initiatives that will reduce projected state expenditures in Fiscal Year 21 and beyond.

- **HEALTH CARE SAVINGS.** Reversing years of discord and failed opportunities to negotiate savings, the Governor prioritized **negotiated labor agreements with state workers** that were fair for both sides, reaching a landmark agreement with AFSCME, which represents the majority of state employees. The Governor's budget and labor negotiating teams were able to successfully achieve hundreds of millions of dollars in health care savings through effective bargaining and innovative health care plan design for state employees and retirees.
 - By the end of calendar year 2019, agreements had been signed, ratified or tentatively reached for 20 of 33 collective bargaining entities. Those agreements included renegotiated health care for workers with an estimated \$650 million in cost savings to taxpayers through fiscal year 2023, including more than \$175 million in Fiscal Year 2021.
- **REFINANCING BILLS.** The **Governor's Office of Management and Budget (GOMB)** worked with the Comptroller's Office to identify available interfund borrowing balances to pay \$231 million in overdue medical bills, saving the state \$15.7 million in late-payment interest costs in fiscal year 2020 and an additional \$25 million in Fiscal Year 2021.
- **CORRECTIONS.** The **Department of Corrections** undertook a number of steps to reduce overall expenses by more than \$25 million, including:
 - through increased staff accountability and continuously reviewing the rosters to ensure appropriate allocation of resources, a reduction of \$10 million in expenditures related to temporary assignments and overtime with respect to the upcoming Fiscal Year 2021 budget;
 - conducting a critical analysis of the IT applications being developed by outside sources, and elected to terminate development of under-performing platforms at a savings to the State of \$3 million;
 - savings in commodities, travel and other costs of \$12.1 million in Fiscal Year 2021.
- **REVENUE.** The **Department of Revenue** also took several steps to operate more efficiently, generating \$117 million in anti-fraud efforts in calendar year 2019 through the use of improved technology. Additional benefits to the State:
 - Improvements in audit functionality and the filling of open compliance positions and continued anti-fraud efforts are expected to generate more than \$130 million annually in additional revenue for the State and local governments. While the full savings of information technology upgrades in FY 2021 will be achieved in later years, we anticipate realizing \$15 million in FY 2021.

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- An expanded virtual audit room will allow agency auditors and taxpayers to securely exchange information electronically. Use of this technology will enable the department to achieve a \$320,000 (20 percent) reduction in travel expenses and increase auditor productivity and efficiency by reducing time spent traveling to taxpayer locations.
- Use of a new department-developed travel voucher processing application will automate much of the process and eliminates many of the mailings between the department and out-of-state staff auditors. The application paid for itself with improved efficiencies within three months after it was implemented and will allow the department to save \$900,000 annually. The agency is working with the Department of Innovation and Technology DoIT to expand use of the application to other state agencies.
- **AGING.** The **Department on Aging's** new use of technology is resulting in improved communication and training involving the critical events that impact seniors allowing seniors to remain independent longer – and out of long-term care facilities paid for by the State. The department estimates it can save approximately \$28,000 per year per senior by serving a senior in their own home as compared to more costly long-term care facilities. Currently 60,000 seniors are in this program; if just an additional 2 percent remain in their own homes due to the use of this technology, it would represent a savings of as much as \$33 million.
- **DOIT.** The **Department of Innovation and Technology (DoIT)** has been reviewing wireless usage history and transitioning lines to new pricing plans that result in cost savings while continuing to meet the wireless usage needs of the users. DoIT anticipates the new plans will save the State approximately \$1 million annually.
- **PUBLIC SAFETY.** The **State Police Merit Board** certified 61 applicants for admission to the Illinois State Police fast track cadet class #131, which will train cadets with prior law enforcement experience in an accelerated training program this calendar year in less than half the time of the standard 26-week class. This new fast track class will reduce training costs by approximately \$600,000.
- **IMPROVED USE OF TECHNOLOGY.** Among many examples of moving operations online, using technology to improve the use of staff time or reduce waste by offering more online services:
 - The **Illinois Department of Employment Security** has begun implementation of the State Information Data Exchange System (SIDES), an electronic method for employers to receive notice of claim information and submit protest details involving a UI claim filed by a former employee. The estimated annualized savings on postage will be \$186,900 once the system is operational.
 - The **Illinois State Fire Marshal** is expanding firefighter testing offered online, saving time, reducing paper use and providing more flexibility for firefighters who take the exams.
 - At the **Capital Development Board** and the **Department of Transportation**, tablets have been deployed to field staff enabling project data to be processed in real time at off-site meetings, ensuring more accurate data collection, reducing staff time and increasing employee productivity.



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AGENCY CONSOLIDATION

Potential Merger of Illinois Department of Employment Security and Illinois Department of Labor

The Office of the Governor will explore a merger of the Illinois Department of Labor (IDOL) and the Illinois Department of Employment Security (IDES). The functions of each agency previously were housed in a singular agency before IDES was separated out by then-Governor James R. Thompson in 1984. The justifications provided by Governor Thompson for the split may no longer apply, as both agencies receive significant federal funding from many of the same sources. Further, most other states provide all of the functions undertaken by IDOL and IDES under a single agency. A consolidation could result in significant savings and a more effective, unified agency overseeing labor regulation and job-related programs for the businesses and workers of Illinois.

The review of a potential merger will address any possible obstacles to effectively combining the agencies, while also determining other potential benefits of consolidation, including:

- The merger would create a one stop shop for employment issues – providing better service to the public.
- With the merging of information under one agency, the State could enhance enforcement of labor and unemployment laws and more effectively prevent fraud.
- “Underground economy” would be easier to track. Consolidation of enforcement capabilities would streamline information being shared with key personnel, preventing employee misclassification, and weeding out bad faith employers to create a more level playing field for businesses that follow the law.
- Cross-agency utilization of full data sets would enable a holistic approach to removing barriers in apprenticeship programs, allowing the agency to target areas of high unemployment more efficiently and effectively.
- By merging the agencies, workers would have the combined strength of the regional offices to address their concerns. IDOL could leverage IDES’ existing outreach system to better inform the public about fair labor standards, prevailing wage requirements and other labor laws. Additionally, regional offices could be equipped to assist the public in filing complaints and resolving labor law violations, thus enhancing service delivery.
- With the broader reach of offices in communities all across Illinois, the combined agency would have greater ability to act locally to provide assistance to working families and to develop policies that are more responsive to community needs.

Merging Insurance Anti-Fraud Units

The administration will pursue a merger of the anti-fraud program at the Workers’ Compensation Commission (WCC) with the anti-fraud unit at the Department of Insurance (DOI). The merger of the two units eliminates duplicative government administration and allows for the cross training of investigators for a more comprehensive enforcement program. Consolidation will result in more efficient and coordinated investigative activities as well as some savings in headcount, equipment and other administrative costs.

Consolidating Coroner Training Board into the Department of Public Health

The Coroner Training Board, currently a small stand-alone agency, will merge into the Department of Public Health to provide improved administrative oversight and support, while ensuring that coroner training programs continue at high standards.



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ELIMINATING DUPLICATIVE OR DORMANT BOARDS AND COMMISSIONS

For the past several months, teams across the Governor's Office and agencies have identified boards and commissions, both operational and non-operational, that are duplicative or dormant and could be eliminated. There are currently more than 700 boards and commissions throughout state government. Overall, eliminating duplicative, outdated, and dormant boards and commissions will reduce impediments to progress within agencies, reduce waste, improve the use of staff time and provide direct and indirect cost savings across state government.

Preliminary examples of boards and commissions to be considered for elimination include the following, which have outlived their effectiveness, are duplicative or last met many years ago:

- Aquaculture Industry Advisory Committee, an inactive board whose work is no longer up to date
- Board of Licensing for Perfusionists, a board that doesn't meet because of a lack of business and has duplicative work that can be accomplished elsewhere
- Consumer Fireworks Review Committee, which exists only in JCAR rules
- Grand Avenue Railroad Relocation Authority, whose work was completed and whose existence was abolished by executive order but remains in statute
- McCormick Place Advisory Board, an inactive board with no history of appointments and whose work would be duplicated by the existing governance structure
- NCSL Legislative Summit 2012 Host Committee, which dealt with an event that took place eight years ago
- Healthcare Worker Task Force, a group that was disbanded
- Racing Quarter Horse Breeders Fund Advisory Board, which was abolished by a previously executive order, but never removed by statute