



September 27, 2006

Introduction

Pursuant to the Executive Reorganization Act, 15 ILCS 15/11, CMS respectfully submits this third annual report that summarizes the consolidation and reorganization activities, status and results of legal services pursuant to Executive Order 2003-10.

Progress and Results of Consolidation Activities

As part of the Governor's continuing effort to streamline state government, eliminate duplicative work and unnecessary costs in order to increase efficiencies, Executive Order 2003-10 authorized the consolidation of staff legal functions for agencies, offices, divisions, departments, bureaus, boards and commissions directly responsible to the Governor into the Department of Central Management Services ("CMS"). The legal services were clarified through legislation, specifically in the Executive Reorganization Act. [See 15 ILCS 15/5.5(c)]. Legal staff functions in the areas of procurement and personnel issues across the agencies were transferred to the Department of Central Management Services. All other legal functions at an agency, including those programmatic functions particular to the agency, remained with the agency. Additionally, legal functions performed by assistant attorneys general under the direction and control of the Attorney General remains at the agency.

The consolidation was conducted in two phases, with phase I completed on November 1, 2003. As part of the consolidation specific key benefits and economies have been accomplished as follows:

- CMS reviewed the online legal research contracts done via multiple databases under 29 separate contracts at high per-minute charges with no cost controls. One contract was negotiated with unlimited monthly usage at a savings of \$550,000 a year compared with former spend for online legal research, which in FY03 was approximately \$1.2 million. This contract has been renewed and has resulted in yearly savings. For FY04 the savings was \$233,907.06 and for FY05 \$469,593.74.
- CMS created standardized legal contracts that are available for use by all state agencies. Contracts previously contained inconsistent provisions and increased negotiation time with vendors. The standardized forms have decreased the time spent for reviewing the contracts in addition to creating consistency with State contracts thereby reducing the vulnerability of the State should a vendor litigate over the terms of the contracts.
- Legal services contracts are being reviewed in order to obtain services at lower prices. We reduced the cost of outside legal services from \$13,593,500 to \$10,930,600 from Fiscal Year 2003 to Fiscal Year 2004. For FY04 reduction in cost was \$1,539,010.96 and for FY05 \$3,857,651.77.

In FY04 and FY05, the second phase of the legal consolidation began and a re-review of the legal functions in 12 agencies was conducted in the areas of personnel and procurement. The effective date for the transfer was February 16, 2005. Phase II of the legal consolidation has been completed and CMS legal is providing as much assistance as possible with legal issues with current staffing in the areas of personnel and procurement that cross all agencies.

Recommendations for Future Legislation

At the current time, CMS has no recommendations for legislation.

Respectfully submitted,
Paul J. Campbell
Director