

# C+ Illinois

A couple of years ago, Illinois offered an early retirement incentive package to its employees. More than twice the expected number took advantage of the deal; the state lost nearly 11,000 workers. The idea not only ended up costing \$2.2 billion but left serious holes in the workforce. Outgoing Governor George Ryan's response was to hire back half the employees.

What one administration views as damage control, however, another may choose to view as an opportunity. Governor Rod

## Dramatic reforms may help undo decades of mismanagement.

Blagojevich, who took office two years ago, had the opportunistic perspective. Rather than turning the state into a gigantic job fair, he took the personnel chaos as an opportunity for restructuring public management.

As a result, Illinois is now undergoing one of the most dramatic reorganizations of any state government in recent years. It's largely been geared to altering the historic structure under which agencies and departments consisted of "fiefdoms working independently of one another," in the words of one state OMB official. In the past two years, the number of agencies has been reduced by almost a third, and a multitude of functions has been consolidated into the Central Management Services agency. Tasks that were previously handled at the agency level and duplicated in every agency—including auditing, legal counsel, media relations, IT planning, and procurement—are now housed in CMS.

The savings are ubiquitous. The state has trimmed 1,700 vehicles from its fleet. It is selling off unused properties. Instead of reinflating its work force, it has reduced it to 58,000, down from 63,000 when Ryan left office. The newly named Office of Management and Budget (the word "management" never was included in the title of the old budget office) is now working enterprise-wide to monitor spending, with agencies required to budget with a 2 percent reserve. And although the state has never collected performance data about much of anything in the past, the

agencies are required to submit quarterly performance reports to OMB.

But don't get out the party hats yet. Decades of mismanagement and a crippling lack of inter-agency coordination have left Illinois in a gargantuan hole. The state has the biggest unfunded pension liability in the United States. After decades of underfunding, the state did pass a pension bonding bill in 2003, but that is not a solution. The bonding measure merely reduces the unfunded pension liability from \$43 billion down to \$35 billion. "We're paying interest on the interest," says budget director John Filan. "This is without a doubt our biggest financial challenge."

At least the state knows how horrible its pension problems are. In other areas, it still suffers from a serious information deficit. When it comes to state facilities, for example, an inventory of assets—long-standing practice in much of the country—is only in the beginning stages. And in transportation, a decentralized planning system made it easy for the state to run a backlog of maintenance and construction for years. "I cannot really explain the backlog," admits Transportation Secretary Tim Martin, "except to say that it was subject to manipulation at various district levels." The state has since made an effort to rein in district management and can now compare road and bridge conditions across districts.

The story in information technology is similar. "IT had been allowed to grow in each of 50 different agencies," says Chief Operation Officer Brian Chapman, "resulting in wildly inconsistent practices"—including multiple platforms, 22 disparate e-mail networks and an untold number of accounting processes. The state is making some headway here; last year Illinois created an Architecture Review Board to set standards for common information systems and software across agencies.

In the end, whether you see Illinois management as a glass half full or a glass half empty doesn't matter a great deal. The bottom line is that there's an enormous amount of catching up to do—but at least now there's somebody checking to see that the glass doesn't fall off the table.

**For additional data and analysis, go to:**  
<http://results.gpponline.org/illinois>

● Strength ○ Mid-level ● Weakness

Category	Grade
<b>Money</b>	<b>B</b>
Long-Term Outlook	○
Budget Process	○
Structural Balance	○
Contracting/Purchasing	○
Financial Controls/Reporting	○
<b>People</b>	<b>C</b>
Strategic Workforce Planning	●
Hiring	○
Retaining Employees	○
Training and Development	●
Managing Employee Performance	●
<b>Infrastructure</b>	<b>C+</b>
Capital Planning	○
Project Monitoring	●
Maintenance	○
Internal Coordination	●
Intergovernmental Coordination	○
<b>Information</b>	<b>C+</b>
Strategic Direction	○
Budgeting for Performance	○
Managing for Performance	○
Program Evaluation	○
Electronic Government	○

**Population (rank):** 12,419,293 (5)  
**Average per capita income (rank):** \$33,690 (10)  
**Total state spending (rank):** \$49,131,377,000 (8)  
**Spending per capita (rank):** \$3,904 (36)  
**Governor:** Rod Blagojevich (D)  
**First elected:** 11/2002  
**Senate:** 59 members: 31 D, 27 R, 1 I  
**Term limits:** None  
**House:** 118 members: 65 D, 53 R  
**Term limits:** None