The Executive's Guide to Illinois State Government

by

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"embedded in reality"

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OVERVIEW
WHY CAN'T GOVERNMENT BE RUN LIKE A BUSINESS?
(because it's different and here's why)

Why can't Illinois government be run like a business? This is not a new Tea Party idea. It is actually an old one that seems to be something Illinois government really needs now more than ever. So, what could happen if Illinois government was run like a business?

- Illinois has a $13 billion budget deficit and an estimated $80 billion in unfunded pension obligations. If Illinois was a business, it could try to reduce the budget deficit by increasing sales. In government, increasing sales is usually called a tax increase. As was evidenced by the outcry when corporate and individual taxes were raised in 2011, that isn't a very popular option.

- Another way to increase sales would be to reduce tax rates and hope that it spurs job creation. But, on any given day, Illinois government probably owes $8 billion in unpaid bills. Could the benefits kick in fast enough from the additional sales, payroll and other taxes before the vendors go out of business?

- A business can reduce costs and increase efficiencies by outsourcing certain functions. For example, many businesses save huge sums of money by outsourcing functions overseas. If the State of Illinois outsourced work to New Delhi, there would be outrage and upheaval from Collinsville to Naperville.

- A business can issue contracts exclusively to large companies that by their pure size can withstand smaller profit margins and provide customer savings. By law, Illinois government <u>must</u> procure certain percentages of goods and services from small businesses run by women, minorities, disabled and veteran owners who may not be able to offer prices as low as larger vendors.

- Businesses can eliminate unproductive operations that provide low returns on investment. For Illinois, that would translate to cutting off future investment in places like East Aurora, Cairo, Hopkins Park and my hometown (East St. Louis). Businesses can cut and run. Governments cannot.

- The CEO of a business has pretty much full authority to make decisions – good and bad. The CEO of Illinois government, the governor, has to work with two bodies, the Senate and the House, that can pretty much block any of the governor's ideas – good or bad.

- A business can do multi-year budgeting and long-term planning. Illinois government has to budget in 12- month intervals and realistically can only plan based on two- and four-year election cycles.

- As a final example, a publicly-traded business has to placate shareholders that may only care about quarterly and annual gains. A state government has to factor in other issues. If the State of Illinois tried to reduce prison operating costs by shortening sentences, it would put more criminals on the street and threaten public safety. Another quick fix would be to reduce education funding in the short-term, but then run the risk of developing a completely uncompetitive and undesirable future workforce.

This “E-Booklet” is an edited, updated and expanded upon assemblage of many of my Examiner.com columns on Illinois state government. I have tried to provide readers with an irreverent, but accurate and utile look into how Illinois state government really works. It is targeted for business people who do not have the time to pore over State of Illinois budgets, documents, rules, regulations, programs, legislation, briefings and news articles.

Fortunately for you, I am an Illinois “Statehouse” (a term used to describe the realm of Illinois’ political politicos and players) junkie. Hopefully, my descriptions, explanations and reflections on Illinois government will be enlightening and (or at least) entertaining.

It is designed to be non-partisan or as non-partisan as it can be coming from the son of a school teacher and cop from East St. Louis who went to college in Evanston and later worked for a Republican governor and a state business lobbying association who lived most of his adult life on the North side of Chicago (who still roots for the St. Louis Cardinals – even without Albert Pujols).

Who (really) runs Illinois government

The Illinois Constitution dictates that the State of Illinois be managed by a set of constitutional officers and a General Assembly.

Governor – Pat Quinn

Illinois' current governor holds the distinction of not being initially elected to the office. The two-time lieutenant governor ascended to the top post when former Governor Rod Blagojevich was impeached. Quinn did run and win at the top of the ticket in 2010, but he does not have a mandate and could even be challenged in a Primary Election if he runs again.

Lieutenant Governor – Sheila Simon

Simon is a member of Illinois government royalty, the daughter of former Illinois U.S. Senator Paul Simon. As is typical of the "Lite Guv" office, her responsibilities are limited.

Attorney General – Lisa Madigan

Madigan is in her third term as AG. She could have probably changed the entire Illinois political landscape if she had run against Quinn for the Governor's Office or ran (probably unopposed) for the U.S. Senate seat previously held by President Barack Obama. She chose to stay put, but no one knows for how long. She is extremely popular with the public, but has "relative" issues within the Illinois Statehouse.

Secretary of State – Jesse White

The man is a legend and is by far the most liked and respected constitutional officer by members of both parties of the Illinois Statehouse. He continues to receive kudos for the job he has done in changing what was once a tempest of scandal. The only question surrounding him is how long does he want to remain in public office.

Comptroller – Judy Baar Topinka

A former state legislator, state treasurer and head of the Illinois GOP, Topinka came out of a short-retirement from political office to become the state's fiscal watchdog. Her ill-fated gubernatorial run came up short due to meager financial assistance from the state and national GOP, the George Ryan scandal hovering over all Illinois GOP candidates, a debacle called Alan Keyes for U.S. Senate and the well-funded and smooth-talking Blagojevich. Illinois owed her a return to office.

Treasurer – Dan Rutherford

The former GOP state senator from downstate Pontiac may only be in the Treasurer's Office for a short time. He will probably run for governor as a Republican moderate in the mold of James Thompson and Jim Edgar - the last two former Illinois governors not convicted in federal court.

The Illinois Senate consists of 59 members and is controlled by Democrats 35 – 24.

President – John Cullerton

Cullerton has had an interesting tenure since taking over from Emil Jones. He endured the Blagojevich circus and only lost two seats. He only has to pick up one more to have a veto-proof majority again and he may get it in November of 2012. As a side-note, he may have the best sense of humor of anyone in the Illinois Statehouse.

Minority Leader – Christine Radogno

The only female in the core General Assembly "leadership", Radogno needs to ensure her party is represented at the table. Her mantra is fiscal responsibility. Her mission is to stave off getting "36'd" (meaning not being on the "bad" end of a veto-proof majority).

The Illinois House consists of 118 representatives and is also controlled by the Democrats by a margin of 63 - 54.

Speaker – Mike Madigan

Madigan is often referred to as the smartest person in Illinois government. The father of Attorney General Lisa Madigan (remember her "relative" issues) is also the Chairman of the Illinois Democratic Party. He continues to do <u>whatever</u> is needed to maintain his majority, but there may be a chink in his armor. Not too long ago, he had 70 Democratic votes in his chamber, which was only one away from having the *Holy Grail*, a veto-proof majority.

Minority Leader – Tom Cross

This may be the hardest gig in the General Assembly leadership. Yet, Cross has done a yeoman's job to make his portion of the chamber relevant. His unenviable challenge is holding on to the seats he has picked up in his tenure in a General Election featuring a legislative remap that strongly favors his opposition. (See Radogno for his potential game plan).

Auditor General – William Holland

The least known of the constitutional officers, Holland's office audits public funds and submits recommendations to the Governor's Office and the General Assembly. This independent office has a ton of power. A less than supportive missive from this office can alert the media and a bad one can result in indictments. Holland has held this position since 1992 and unlike the other officers who are elected to four-year terms, Holland's are for 10-years. He and his office are respected and maybe more importantly, feared by the other politicos.

Other key Non-State Official Players

U.S. Senator Richard "Dick" Durbin

Illinois' senior U.S. senator is a "Beltway" clout monster. He has direct access to the White House, serves in the chamber leadership and still remembers the folks back home.

U.S. Senator Mark Kirk

Illinois' junior U.S. senator was expected to have a long, distinguished, congressional career that could have led to a run at the Governor's Office as a GOP moderate. His stroke in January of this year may change his trajectory unfortunately.

Rahm Emanuel

Most politicians would be a little gun-shy if they were replacing Chicago's legendary Mayor Richard M. Daley. But, Daley's replacement is not just some typical pol. He is a national political rock star, coming straight from the White House where he served as Chief-of-Staff to President Obama. Emanuel entered the Illinois Statehouse with a bang by getting four pieces of legislation passed even though he had barely been in office. The key will be if he butts heads with Quinn or Madigan - who will win? His access to the White House can dramatically change any discourse in Springfield, which obviously depends on an Obama second term.

Pat Brady

Brady is the Chairman of the Illinois GOP and he finally has some hope. Thanks to the Blagojevich debacle and the state fiscal "hot mess" that festered while under Democratic control, there could once again be a viable Republican Party in Illinois. On the plus side, he has party state-wide office holders in Kirk, Rutherford and Topinka. On the negative side, he has an Illinois "favorite son" leading the ticket in the next General Election and legislative maps drawn to snuff him out.

POTUS & The White House/Chicago Posse

The President of the United States (POTUS) still gets his driver's license renewed by Jesse White. It also doesn't hurt to have a number of other Illinoisans in prominent positions in his cabinet and inner circle such as David Axelrod, former Chiefs - of - Staff Emanuel and William Daley, Secretary of Education Arne Duncan, Secretary of Transportation Ray LaHood, Senior Advisor Valerie Jarrett and of course, Chicago- native, the First Lady, Michelle Obama.

James "Big Jim" Thompson/William "Bill" Cellini

The longest serving governor in the history of the state (Thompson) is still a major power broker. The ultimate power broker in the Illinois Statehouse of the past few decades (Cellini) is not. Some remnants of the past remain, but things are changing and a new generation is taking over.

Inside a legislative session

Twice a year, the Illinois General Assembly officially convenes to address the business of running the state. In January they have a "budget session" that includes passing major legislation that usually lasts until the end of May. In the late fall, usually for only a few days, they hold a "veto session" to make sure they did not pass anything crazy during the budget session. In these deliberations, there are official players and key groups and individuals that are also part of the game. Here is a little background on this cast of characters.

THE LEGISLATURE (and the GUV)

Although there are 59 state senators and 118 state representatives, the core of the budget and fate of major legislation are determined by the Governor, the Speaker of the House, the Senate President, the Senate Minority Leader and the House Minority Leader. Ironically, some of the biggest fights have been when one party controlled the Governor's Office and both legislative chambers (with Illinois history showing that it didn't matter which party was in control).

In a perfect example of how the checks and balances of government work, either the House or the Senate can vote down or table a measure passed by the other body and even if they both pass it, the governor can still veto it. Ideally this will happen because of policy differences. But, sometimes, it's just because the individuals in leadership may not personally like each other (and sometimes, they belong to the same party).

Similar to the Washington Beltway, the Illinois Statehouse official players have become more contentious because of party/philosophical differences. There are also other traditional bloc/caucus relationships that can be just as acrimonious. Historically, as institutions and individuals, the House and the Senate have problems with each other. But, the system can also get gummed up if the Black, Hispanic or Southern Caucuses are upset about something.

There are also geographic blocs that can pop-up beyond the traditional Chicago vs. Downstate rivalry that can cause problems, formed by Illinois' version of the Berlin Wall, Interstate-80. During a session, sometimes the needs of Chicago, the Collar Counties, the Quad Cities, Central Illinois, Southern Illinois and the Metro-East can be very different. It gets interesting if a vote is close and the legislators of those areas know that they can determine a bill's success or failure. In the past, that usually resulted in the hold-outs getting legislative initiatives (aka pork) for their districts. But, with Illinois facing historic budget deficits, there may not be much, or any, pork available.

THE STAFFS

Agency and General Assembly staff representatives, especially directors and legislative liaisons, are heavily involved in the process. It's their job to determine how proposed legislation and budget reductions/additions impact daily operations. It is not uncommon for a suggested budget cut to have implications that imperil federal funding or disproportionately, negatively, impact a particular constituency or region of the state. The agency and legislative staffs are the watchdogs who make sure that doesn't happen.

But, agency and legislative staffs are not altruistic. In fact, their very existence makes them biased. The agencies typically report to the governor and it would be unhealthy, job-wise, for an agency director to openly oppose a policy that the governor supports. The same can be said for the staff members that report to the legislature.

The agencies also have an additional wrinkle – they have turf agendas. It is rare to ever have an agency decline funding or want to eliminate a program. It is a version of kingdom building that resembles tales of countries conquering each other for their assets (also not unlike the job descriptions for pirates). For example, if a new federal job training program is created, at least three state agencies will go to war with each other to run it because the program will result in more headcount, more funding and the creation of a bigger realm for the agency director. The staffs can be even nastier to each other, because running a newly funded program can mean something sort of rare nowadays – job security.

Another problem with the agencies is how they may have missions that place them in opposition of each other. Sometimes a bill may be introduced that EPA applauds and supports that the state economic development agency thinks is the dumbest idea in the world and wants to kill. It is pretty much guaranteed that when those agencies conduct their required bill analyses, their opinions will be 180 degrees from each other.

THE OTHER CONSTITUTIONAL OFFICERS

The lieutenant governor, comptroller, treasurer, secretary of state, attorney general and auditor general actually do not play roles much larger than the agency directors during a session. At the end of the day, the General Assembly crafts legislation and the governor enacts it. The rest of the executive branch of Illinois government usually presents a host of policy ideas for legislation, but there is no guarantee that the House, the Senate or the governor will not kill them eventually or before they even get to the floor.

LOBBYISTS, ADVOCATES and ACTIVISTS

What are the differences between lobbyists, advocates and activists? The most functional explanation would be that lobbyists wear suits, advocates wear sport coats and activists wear blue jeans.

Although they have different monikers, they all try to influence the legislature, the governor, the staffs and public opinion. They all also pretty much use the same tactics. Legally though, lobbyists are required to register with the Secretary of State's Office and the other two are not, although they should be.

One key is that lobbyists tend to be hired by for-profit entities and associations backed by for-profit interests. Not-for-profit corporations have to worry about losing their tax exempt status if they lobby too much so they say they advocate. One notable exception is labor unions, who openly admit that they lobby.

The best one can figure is that activists are advocates that work for free, which may make them the purest of the three. Their arguments tug at the heart more and they help put a human face on an issue. For example, making a cut in a particular social service area may seem to make sense from a budget perspective. But, when a legislator actually meets with child day care providers, nurses, PTA members or Iraq War veterans that may be negatively affected, they may look at the issue differently – especially if those people are from their district.

In terms of where they sit on the societal totem pole, lobbyists are in between used-car salesmen and telemarketers that call at dinner time. Activists and advocates are slotted higher because they are viewed as working for more honorable causes, although that may not be the case.

Regardless of the esteem they are held in, each group can provide valuable services. If they are good, they typically know far more about a particular issue than anyone else in the process. Often, lobbyists, advocates and activists can bring perspectives and realities that the official government representatives do not think of. The downside is that they may skew the facts or even blatantly lie in favor of their client or position and (believe it or not), advocates and activists are just as guilty of this as lobbyists.

THE PRESS & POLICY PLAYERS

It's not as "meaty" as when media outlets could devote significant resources to report on the Illinois Statehouse (i.e. before newspapers started to die). But, the media and certain organizations still carry strong clout during legislative sessions.

The members of the executive and legislative branches of Illinois government are always on the look-out to appear on television and radio and in print media to make sure that the folks in the districts know they are working for them. On the flip-side, they have to be wary of making poorly thought-out (aka stupid) statements because if they do, groups like the Civic Federation or the Illinois Policy Institute may issue a scathing press release, a panel on WTTW's *Chicago Tonight* may skewer them or they could face ridicule in *Capitol Fax*. If they really screw up, they could end up on their biggest nightmare, The *Daily Show with Jon Stewart*.

The risky dance with the press and policy players will never end though because due to their unique egos, politicians can't help themselves. They need to pontificate the way a fish needs water. If they don't get that jolt of relevance, they in essence shrivel up and die.

CELEBRITY POLITICIANS & OTHERS

Although the most famous politician in the nation is from Chicago, there are a number of other politicians who are technically not part of the Illinois Statehouse that pack a lot of clout in it. Some are obvious, like the President of the United States (POTUS) and Illinois' two U.S. senators.

The other key celebrity politician is the mayor of Chicago. Although they like to say in Springfield that Chicago should not be treated different from any other city in Illinois, it is different and whoever the mayor is has considerable clout. To put this into perspective, the last two former chiefs - of - staff to President Obama were the current mayor of Chicago and the brother of the former mayor of Chicago. That is called "juice" in official Illinois Statehouse-speak.

Those entities are obvious because of title, but others are more subtle. For example, former Illinois Governor James R. Thompson is still one of the most important people in the legislative process and can have tremendous influence during a session. If he supports an issue, it gets almost immediate, serious, consideration. After all, they even named the State of Illinois' Chicago office building after him.

On the other side, there is also a generational shift occurring. Dating back to Richard Ogilvie who was elected Illinois governor in 1968, one figure has been omnipresent, hovering over the Illinois Statehouse – William "Bill" Cellini. Cellini was found guilty on a count of aiding and abetting bribery and another count of conspiracy to extort in November of 2011. His legal demise may signify a huge shift in Illinois government. But, throughout the vast history of convictions of Illinois politicians and politicos and players, it has not changed. The end of Cellini could foreshadow an end to corruption in Illinois government. But based on that history, it may just be a speed bump. Time will tell.

WRAP-UP

At the end of an Illinois legislative session, there are a few things that you can bank on. The Republican House and Senate members will be unhappy with whatever their Democrat colleagues support (and vice-versa) and it probably will not be exactly what the governor wants either. Hopefully, they will make decisions that are best for the overall good of the residents of the diverse assemblage of towns, cities, counties and unincorporated areas that comprise Illinois. Unfortunately, odds are probably 50/50 on that happening.

ECONOMIC DEVELOPMENT 101
(The agencies and issues you care about)

Economic development is not business. But, it is the role/function of government that interfaces with business the most. Whether a business is large, small or fledgling, most states (Illinois included) have programs and resources that are supposed to provide businesses support and assistance. This section lays out how Illinois conducts economic development and also provides some snapshots on where Illinois stands among other states in terms of business competitiveness and viability.

SMALL BUSINESS ASSISTANCE

Historically, there have been two types of American dreams when it comes to making a living. One was to work for a large company, get periodic raises with substantial benefits and eventually receive a "gold watch" when you retire. The other American dream was starting your own small business. Considering the current condition of Illinois' economy, the state needs the ones that chose the latter to help out the ones that chose the former because small business is the nation's economic engine and is probably the key to an Illinois economic recovery.

Small businesses are defined by the federal government as companies with fewer than 500 employees. According to a January 2012 profile report by the U.S. Small Business Administration's Office of Advocacy:

- **The 26.8 million small businesses in the United States (as of 2009), represent 99.7 percent of all employers and employ 49.2 percent of the private-sector workforce.**

- **Most of those businesses were very small with 78.5 percent having no employees and most having fewer than 20 employees;**

- **Small business employed 56.3 million workers in 2009 with most working for firms with between 20 and 499 employees; and**

- **Between 2005 and 2008, small businesses accounted for 81.4 percent of the net private-sector jobs.**

The report also pointed out that:

- **Self-employment surged over the last decade;**

- **Minority self-employment fared the best compared to other demographic groups during the decade; and**

- **Throughout 2010, the number of opening establishments was lower than closing establishments while the net employment change from this turnover was positive.**

The SBA also did a profile report on Illinois small business in January of this year using 2009 data. It reported:

- **There were 1.1 million small businesses in Illinois representing 98.3 percent of all employers that employed 47.9 percent of the private-sector workforce;**

- **77.4 percent of those businesses did not have employees;**

- **Those that did employed 2.5 million workers;**

- **Small businesses represented 62.6 percent of the net new private-sector jobs between 2005 and 2008.**

In terms of specific numbers of businesses from the Illinois profile report:

Large Employers (> 500 employees)	**4,369**
Small Employers (< 500 employees)	**249,638**
Non Employers	**869,266**

In terms of overall business-owner demographics from the Illinois profile report:

Male-owned	**579,000**
Woman-owned	**343,000**
African American-owned	**107,000**
Asian-owned	**59,000**
Hispanic-owned	**57,000**
Native American/Alaskan/Pacific Islander-owned	**1,000**
Veteran-Owned	**119,000**
Publicly-held	**39,000**

2010 SBA findings revealed that Illinois small business had un-tapped and recently tapped potential based on national trends, including:

- **Hispanic-owned businesses were the fastest growing sector among small business start-ups;**

- **Veterans (an obviously growing group due to the end of the Iraq War and reductions in Afghanistan) were under-represented as entrepreneurs. They also face higher unemployment rates than the rest of the workforce and may explore entrepreneurship more than most;**

- **Baby Boomers (between 55 and 64) were trending more towards entrepreneurship as a new phase in their careers; and**

- **Immigrant entrepreneurs generated 12 percent of all U.S. business income (a natural target for growth in Chicago).**

Small businesses in Illinois and throughout the country have some other common and long-standing challenges, which according to SBA are (in order):

1. ***Lack of sales;***
2. ***Access to capital;***
3. ***Cost and availability of health insurance;***
4. ***Attracting a quality workforce;***
5. ***Global competition; and***
6. ***Government "red tape" (regulation, taxation and procurement issues).***

Usually via state governments, the SBA funds operations designed to address those challenges. In Illinois, those operations are run by the state's primary economic development agency, the Department of Commerce and Economic Opportunity (DCEO).

Ironically, instead of being universally heralded as an asset, on an annual basis, some business/good-government/think-tank group recommends abolishing DCEO as whole and/or just gutting the small business assistance operation, which is called the Illinois Entrepreneurship Network (IEN). The IEN menu includes:

- ***Entrepreneurship Centers*** *that help businesses with "high growth potential" access resources for funding, patents and marketing;*

- ***Small Business Development Centers*** *that assist new and existing businesses with services such as business plan development, financing, financial analysis, business education and one-on-one counseling and management assistance;*

- ***Procurement Technical Assistance Centers*** *that assist existing companies in selling their products and/or services to local, state and federal government agencies;*

- ***International Trade Centers*** *that assist existing, new-to-export companies interested in international trade opportunities; and*

- ***Manufacturing Extension Centers*** *that help small (and mid-size) manufacturing companies operate more efficiently.*

Based on intent, the IEN programs seem to be set up to directly address the small business challenges presented earlier. But, one school of thought avers that it is wasteful, inefficient and ineffective for government to provide those services. Another point used is that entities like IEN compete with private sector firms that provide those services. The 180 degree view from that mindset is that new companies and many entrepreneurs do not have the financial resources to hire highly experienced (and pricey) accountants, MBAs, attorneys and other consultants in the early stages of the development of their companies.

To use a baseball analogy, large business attraction is like going for homeruns and small business development is like playing small ball – good defense, solid pitching and focusing on hitting singles, bunts and sacrifice flies. Small ball may not be as flashy, but it is more dependable and consistent. Homerun hitters strike out a lot. Great teams can do both and it makes sense for Illinois to be effective at both small business/entrepreneurship development and large business attraction, which makes the next topic fairly obvious…

LARGE BUSINESS ATTRACTION

Large business attraction (and retention) is controversial. From a macro/academic-perspective, it creates an uneven playing field because companies that receive the benefits have lower costs of doing business. From a micro/grass-roots perspective, if a large employer wants to move to your town or leave your town, the mayor better do something about it - or be booted from office in the next election.

In the past, Illinois' large business attraction efforts were usually for industrial operations and included low-interest loans, industrial revenue bonds, job training grants, tax-free municipal bonds for infrastructure improvements, cheap rent/land acquisition and tax abatements. Some are not as controversial as others:

- *Low-interest loans and industrial revenue bonds are paid back;*
- *Job training grants are investments in Illinois residents;*
- *Infrastructure improvements via tax-free municipal bonds or straight incentives (i.e. road improvements) have a lasting benefit to a community; and*
- *Offering cheap real estate is a decision made by a private land/building owner.*

But tax abatements, described below, directly benefit an individual company – thus, there is the controversy.

> ***State Enterprise and federal Empowerment Zones*** *provide a variety of tax credits and abatements for projects that locate in a particular geographic area. Typically, those areas are pockets of historic economic under-performance. For example, Cairo, IL is both a state Enterprise Zone and a federal Empowerment Zone.*
>
> ***EDGE Tax Credits*** *rebate the individual income taxes of a company's employees back to the company over a period of years. The company can then use them to off-set relocation costs. The rationale is that those employees will spend their salaries at local businesses on furniture, groceries, clothing, cars and restaurants and donate to local charities. An example would be Chicago's attraction of Boeing's headquarters which resulted in high-salaried, white-collar workers spending millions throughout the metropolitan area.*
>
> ***TIF and Special Financing Districts*** *are less "pure" than Enterprise and Empowerment Zones and are definitely the most controversial. With legislative approval, a municipality can deem an area a Tax Increment Financing (TIF) District or a variation called a Special Financing District. The following example shows how they work:*

A vacant building on a parcel of land provides $100 in property taxes to a community. If a company locates there, the property goes up in value and will provide $100,000 in property taxes to the community. But, the company will not move there unless certain improvements are made. The $99,900 difference, over a period of years, is used to make the improvements.

At first glance, TIF Districts seem to make sense. But, what about the community's school district that is supposed to get 50 percent of the property taxes leveed? The new business will attract new workers with kids who will increase the student population. But, they will still only receive $50 from the property tax, instead of the $50,000.

Another argument is that sometimes, affluent areas, like Chicago's Loop, have TIF status. Opponents argue that it should only be used for poor areas. But, proponents counter that Michigan Avenue would not be the "*Magnificent Mile*" without the incentive and cite the payroll, sales tax and tourism benefits (importing money) as justifiable means to an end.

In recent years, two new issues have emerged that are causing even more debate about large business attraction. The first one is the "claw-back" provision. In large business attraction, a deal is made between the state, the community and the business. The governments will provide the incentives if the company agrees to meet certain investment and job creation/retention thresholds. The "claw-back" provision requires that if the company does not meet the thresholds, the governments get the value of the incentives back, which seems fair.

But, what if the company had good intentions and was negatively impacted by external factors beyond its control (i.e. problems with late procurement contract payments from Greece – or Illinois). If the "claw back" provision is used, it would make a weak Illinois company even weaker and probably accelerate lay-offs. Is that actually good for Illinois residents or Illinois governments?

The other issue is the use of hybrid tax abatement products for non-industrial projects. An example is a $1 billion, 900-acre, University Town Center hospitality/entertainment project that was proposed in Glen Carbon, IL (near St. Louis, MO). This project, which would have included a LEGOLAND amusement park, wanted to incorporate a concept called STAR Bonds. When first proposed, this bond financing concept, which required state legislative and Governor's Office approval, would have provided 100 percent sales tax abatement to the developer.

The arguments for it were that it would be a "destination" (tourist draw) project for the region, import dollars into the community and create 8,100 jobs. The arguments against it, which were supported by the Illinois Department of Revenue (IDOR), were that it provided unfair competition for other businesses in the region and metropolitan area and that it was too costly. IDOR estimated that over 20 years, it would divert as much as $1.3 billion in revenue that would have gone to the state and local governments. There is also a larger philosophical issue of can money that would not have been available actually be diverted? It is economic development's version of the "which came first, the chicken or the egg" debate.

The argument over large business attraction will probably continue as long as states, communities and countries engage in economic development. In Illinois, typically, IDOR is against it and the Illinois Department of Commerce and Economic Opportunity (DCEO) supports it. The referee is usually the Governor or a mayor. But at least in this case, the voters get to pick the referee.

THE MYTHS BEHIND JOB TRAINING

A standard concern/complaint during urban and economic strife is the lack of job training funding and programs - especially in Chicago. Guess what? There is no shortage.

The various levels of government provide significant amounts of money to help Illinoisans improve their employability. The problem may be in the marketing, accessibility and administration of the various programs.

Like most states, Illinois receives a substantial amount of training funds through the federal Workforce Investment Act (WIA). In Illinois, it is administered by the state's primary economic development agency, the Department of Commerce and Economic Opportunity (DCEO). It is a substantial amount of money. Even though the level of funding decreased significantly after the federal American Recovery & Reinvestment Act (ARRA) was deployed, currently, Illinois' WIA take is more than $101 million. Those funds are distributed in three general areas:

- **Adult** **$31,369,625.00**
- **Dislocated Workers** **$36,228,284.00**
- **Youth** **$36,281,729.00**

TOTAL **$101,879,638.00**

In past years, the totals were $138,618,380.00 in 2010 and $128,316,809.00 in 2008. 2009 was different because the $158,834,127.00 WIA allocation was supplemented by the additional $156,527,665.00 in ARRA funds. Even though the most recent allocation dwindled in size, over a four-year period it totals more than $684 million - a sizable sum under any definition.

Those dollars served the following customer mix from 2008 to 2010:

PROGRAM	2008	2009	2010	TOTAL
Adult and Dislocated Workers customers	28,624	39,591	29,377	97,592
Adult and Dislocated Workers enrolled in training	8,562	19,682	17,308	45,552
Youth Customers	20,618	28,117	10,219	58,954
Youth Enrolled in Year Round Program	10,324	12,312	8,185	30,821
Youth Summer Program	12,009	18,822	2,881	33,712
Incumbent Worker	2,125	6,343	6,421	14,889
				281,520

Eligible fund uses run the gamut. In addition to the areas noted above, WIA provides grant funds to target:

- **Women**
- **Minorities**
- **Disabled workers**
- **Veterans**
- **Low-Income Adults**
- **Seniors**

WIA funds are also used to focus on specific industries targeted for high-growth. In Illinois, they are:

- **Construction**
- **Healthcare (nursing)**
- **Healthcare (Information Technology)**
- **Agriculture**
- **Manufacturing**
- **Transportation, Distribution and Logistics**
- **Information Technology**
- **Green Jobs (i.e. energy auditing and weatherization)**

Those funds are distributed through a network of 26 Local Workforce Investment Areas (LWIA) connected to 98 service providers located throughout Illinois. That level of physical presence ensures that Illinoisans in all 102 Illinois counties have nearby access to WIA resources.

In addition to the worker focused training programs, the State of Illinois also offers training grants for companies to improve the skills of their Illinois employees through programs such as the Employer Training Investment Program (ETIP) and the Job Training and Economic Development Program (JTED). These programs can reimburse new and/or expanding companies up to 50 percent of the costs of training their employees. The main stipulation is that the Illinois resident must be employed by the company prior to the start of the training program. Since 2008, those type programs trained:

Fiscal Year	# of Workers Trained
2008	**41,447**
2009	**42,006**
2010	**59,635**
2011	**92,500**
2012	*** projected 160,000**

To increase access to the array of workforce/job training resources, the State of Illinois supplements the reach of the LWIAs and service providers with www.Illinoisworknet.com. Through that web-site, individuals and businesses can access information on job and industry trends, labor markets and training programs. In past years, the Illinois worknet site was promoted on billboards throughout the state and on radio and television public service announcements. Residents who do not have home internet access are encouraged to go to LWIA offices or their public library. For people uncomfortable using a computer, they can call a toll-free number to be directed to the closest LWIA or other nearby workforce program service providers.

So with all of those resources and diligence at promotion, why are there still cries for more job training programs? The key may be in the answers to the following three questions:

- **Until now, had you ever heard of WIA?**
- **If so, did you know how to access the services? and**
- **Had you ever heard of www.Illinoisworknet.com ?**

As stated earlier, when www.illinoisworknet.com was first launched, it included a lot of integrated marketing and promotion. For some reason, whenever a government program is launched, there is a tendency to later scrimp on getting the word out, which seems to have befallen the overall Illinois worknet initiative. To combat Illinois' unemployment rate that is starting to consistently trend worse than the U.S. rate and rates of other Great Lake/Midwestern states, Illinois may need to consider:

- **Proactive use of social networking;**
- **Grass roots communications in neighborhoods;**
- **Direct connections to key stakeholders; and**
- **Inclusion of businesses in the network.**

Younger and new-aspiring workers are technology savvy and the State of Illinois' workforce development operation needs to take that into account. Linking www.illinoisworknet.com to local/non-government web-sites, blogs, Facebook, Twitter and other social media sites is critical in reaching younger Illinoisans.

For less-tech oriented people, promoting the decentralized offices could also be improved. Some of the more effective LWIA's promote to and have relationships with neighborhood organizations, churches and fraternal organizations. Many even conduct on-site promotion at shopping centers and/or have kiosks in grocery stores.

It is also surprising how little some state legislators' field offices know about available job training resources. If you have some time on your hands, contact your state senator or representatives' district office and ask for information about job training. Hopefully you will be directed immediately to the nearest WIA office or to www.illinoisworknet.com. If not, there is a problem. State legislators and other key stakeholders such as local chambers of commerce, city council members, mayors, township officials, homeless shelters, veterans organizations, high school counselors and food pantries all need to be knowledgeable about available workforce development resources and how to connect their constituents to nearby services .

Perhaps the most critical problem is that in some communities, there can be a disconnect between the local workforce development network and local businesses. When this happens, it virtually wastes part of the available job training funds because workers that desire job training are not being directed to occupations that are in demand in their communities. This is especially critical for small businesses and job-seekers in high-growth areas such as health care technology, nursing, transportation/logistics/distribution, information technology and green jobs. Access to nominal training cost assistance may be the difference in small companies in those industries immediately bringing on new employees.

Successful economic development is an interconnected process where business, community and workforce development entities are operating with common goals, supportive operations and effective communications. So the next time that cries for more job training and/or workforce development assistance arise in a community, check how they are connected to the other two components. That may be the core problem.

IS ILLINOIS A TECHNOLOGY HUB?

California's Silicon Valley, the North Carolina Research Triangle and Austin, Texas are inarguably U.S. technology industry hubs. Illinois is more than respectable in that industry too thanks to Chicagoland, Champaign - Urbana and other communities that create, nurture and heavily utilize technology.

Having a strong technology industry is important for Illinois. Until the early 1990s, Illinois was still considered part of the unappealing Midwestern *Rust Belt*. Chicago's economic reputation was better because of the strong presence of the finance industry with the Chicago Board of Trade and the Chicago Mercantile Exchange serving as flagships. But, for tangible and image purposes, Illinois needs to have a strong technology component in its economy.

Technology hubs such as the ones mentioned earlier evolved through careful planning, targeted investment and branding. The Illinois technology industry developed less on planning and more on the natural off-shoots of having a large urban population center that attracts talented professionals and progressive universities that produce technology workers who enter into industry, entrepreneurship and research & development.

Even though the strategic and tactical planning have been questionable, the technology industry is big in Illinois. In 2010, the tech industry employed 201,400 Illinois residents with wages totaling $16.1 billion. The state also boasted the 5th highest number of high-tech establishments in the nation at 19,300. According to the national technology association TechAmerica's 14th annual *Cyberstates* report released in October of 2011, Illinois is ranked 8th among states. In that report, Illinois ranked:

- ***3rd in consumer electronics manufacturing employment with 1,200 jobs;***
- ***4th in electronic components manufacturing employment with 12,100 jobs; and***
- ***5th in communications equipment manufacturing employment with 6,600 jobs.***

But, the picture was not perfect. Illinois did have a 6,400 net tech job loss in 2010. The job losses were concentrated in the internet/telecommunications and research & development sectors which respectively represented 34 percent and 26 percent of the net loss total. Illinois also lags in information technology jobs compared to the nation and underperforms, in terms of growth, in medical devices and production technology.

But, the Illinois tech industry is more than just high-tech companies. The state, especially Chicago, has a number of companies that utilize technology as a key part of their business operations and others that provide a solid support infrastructure, including:

- **On-line media and related content services;**
- **E-Tailers;**
- **Technology associations and public-private partnerships;**
- **Law firms with technology specialties;**
- **Technology recruitment and staffing firms;**
- **Financing operations with technology specialties; and**
- **Technology strategy and marketing consultants.**

This Illinois strength is supported by the *Illinois Innovation Index* that indicated that the most job creation in Illinois between 1998 and 2009 was in business services. Therefore, one could say that Illinois has a very strong technology-related economy and one could also easily argue that it is indeed a technology hub. But it could be better.

Three issues stand out that could improve the Illinois tech industry that were identified before the current U.S. recession. They are:

- **Lack of access to venture capital;**
- **A "brain drain" of engineering/science talent cultivated in Illinois that moves out-of-state; and**
- **Lack of public/private sector/university coordination.**

The first issue, **lack of access to venture capital**, was prevalent even during the "dot.com" boom. The irony is that Chicago is considered a global financial center. The problem is that venture capital outside of Illinois tends to stay outside Illinois and venture capital from Illinois tends to be invested outside Illinois. A few years ago, there was even an attempt to use Illinois public sector venture capital funds to invest in non-Illinois companies.

There have been some Illinois Statehouse attempts to address this, such as the Illinois Treasurer's Technology Development Account (TDA) venture capital fund. The TDA is funded by less than 2 percent of the funds available for investment, which was originally $75 million. The fund is used as a risk supplement for other Illinois venture capital funds to invest in technology businesses that want to locate, expand or remain in Illinois. It has funded 26 companies so far, which shows that the amount is woefully inadequate.

There have been past attempts to increase the amount in the fund by both Democratic and Republican state treasurers, but political infighting killed both attempts. Increasing the amount actually should not be that controversial. By law, the treasurer must invest state funds, so why not invest in Illinois tech companies? It seems simple, but political dynamics have over-ruled, so far. The problem is that it is actually such a good idea that neither political party wants to let the other get credit for doing it.

The **"brain drain"** of engineering and science talent leaving Illinois may not be much of a problem now because the current national economic malaise has leveled the playing field. Jobs are scarce everywhere. But, even in lean times, there is still a market for top-notch tech professionals. For example, Texas and California are recruiting tech workers as if the current economic downturn never occurred.

Illinois' strength in this area is obviously the Chicago metropolitan area. But, if the cities and towns located near universities were to make a stronger push towards commercialization, in addition to (not in lieu of) research and development efforts, other "tech sub-hubs" could emerge to stop the seepage.

The third issue is the **lack of public/private sector/university coordination** in cultivating a superior technology industry/economy. This may be where the Illinois Statehouse, serving at times as a leader/partner/facilitator, could have the most impact.

The Illinois technology community should, but does not have the lobbying "oomph" of organizations like the Illinois Manufacturer's Association, the Illinois Retail Merchants Association or the Illinois State Chamber of Commerce. However, periodically, an issue will arise like the Illinois Telecommunications Act that brings entities such as technology associations, business advocacy groups, regional chambers of commerce and government agencies together to focus on improving the industry.

Unfortunately (or fortunately), it took a coalition of that size in 2010 to morph together to just make the "big leap" to modernize a telecommunications act written in 1985 (prior to the advent of Smartphones). Sadly, the Illinois Statehouse was more focused on "land-line" consumer protection issues than the job creation and private investment factors that updating the telecommunications act would directly and indirectly provide. In the end, at least it got done. Per the Brookings Institution, just altering the obsolete regulatory standards related to wireless and broadband technologies could help create up to 39,000 in the state.

Illinois is also waking up to addressing the benefits of technology-related aspects of energy. In December of 2011, Illinois enacted Smart Grid legislation. Initially vetoed by Governor Quinn until some consumer protection issues were addressed, it enabled ComEd and Ameren Illinois to make infrastructure, distribution and consumer convenience investments without having to imperil their profits or dividends. In the long-term, it should provide businesses and consumers with more reliable and cheaper energy. In the short-term, it should create opportunities for transitioning workers, construction workers and technology entrepreneurs who can develop Smart Grid connected applications.

The other Illinois tech/energy connection is very, very, very controversial – coal. Illinois' 38 billion tons of coal reserves contain more energy in Btu's than the oil reserves of Saudi Arabia and Kuwait combined. But, in today's eco-friendly environment, coal is scorned and the mere mention of it can cause environmentalists to almost spontaneously combust.

The question is, can a world that put a man on the moon, developed phones that have more computing power than mainframe computers of only a few years ago and is nearing curing forms of blindness through stem cell research, develop a process to cleanly burn coal? Illinois is attracting companies from around the nation that want to conduct coal demonstration projects and build hybrid, coal-based generation plants. At some point, the coal-fired plants that were built in the 1970's will cost too much to be repaired or retro-fitted to meet new EPA standards. If allowed, a lot of jobs will be created at plants, research facilities and coal mines as techniques emphasizing coal gasification and emission sequestration are used – if they are not shot down by the eco-lobby's advocates and activists in Springfield.

TOURISM IS BIG BUSINESS IN ILLINOIS

In 2010, Illinois welcomed 84.7 million domestic visitors and 1.7 million international visitors who spent $29.3 billion in the state according to an Illinois Bureau of Tourism report prepared by the U.S. Travel Association. But, because of the plight of the state economy, varying perspectives on the role of tourism abound.

In the 2010 Illinois Democratic gubernatorial primary, candidate and then-Illinois Comptroller Daniel J. Hynes questioned the pragmatism of investing in tourism promotion when the state had exponentially growing stacks of bills and surging deficits. Earlier in the year (although it is a moot point now), many Illinoisans questioned the benefits of hosting the 2016 Olympics in Chicago, citing potential cost-overruns and NIMB as reasons.

From the other perspective, in September of 2009, Illinois Governor Pat Quinn, then Chicago Mayor Richard M. Daley and a horde of tourism/hospitality industry representatives, labor leaders, community advocates and other elected officials held a highly publicized press conference touting the benefits of tourism and tourism promotion. More recently, the growing number of conventions and trade shows divorcing themselves from McCormick Place and other Chicago venues prompted the passage of high-impact legislation that disbanded the 13-member Metropolitan Pier and Exposition Authority and replaced them all with a new organization charged with re-engineering how Chicago trade show business is conducted.

To some Illinoisans, tourism is…

- **"Only a *feel good* industry, not like *real* business."**
- **"A bother and a pain. I wish they would just go back where they came from."**
- **It's another thing in Chicago that our Downstate tax dollars are wasted on."**

Those opinions can be argued against using hard numbers. For example (per a 2008 U.S. Travel Association report):

- **Tourism accounted for 584,000 jobs in Illinois;**
- **The payroll for those employees was $15.1 billion;**
- **On average, every $101,460 spent by travelers equated to a full-time job;**
- **Travel-generated jobs comprised 5.1 percent of Illinois' total non-farm employment; and**
- **Domestic and international travel spending in Illinois generated $5.5 billion in tax revenue for the federal, state and local governments.**

Illinois tourism is not what it was prior to 2008. In 2008, the national tourism industry exhibited signs of problems. For example:

- **Domestic trips were down 2.0 percent from 2007;**

- **Business travel expenditures rose less than 1 percent;**

- **To counter declines in profits, companies started to reduce travel, convention and meeting budgets; and**

- **Gasoline and fuel prices started to climb, reaching record highs in 2009.**

So, with this national trend and Illinois' budget and revenue problems, is tourism still important in Illinois? The answer is affirmative/yes/big-time and here's why:

- **21 of Illinois' 102 counties received more than $100 million in domestic traveler expenditures in 2010;**

- **Traveler expenditures directly generated 287,500 jobs within Illinois during 2010.**

- **One in 10 jobs in Illinois is directly or indirectly supported by travel expenditures;**

- **Illinois hotel-motel tax revenues for State Fiscal Year 2011 were $191,110,827; and**

- **The additional taxes generated from travel spending in Illinois save an average Illinois household approximately $1,000 in taxes a year.**

To put it bluntly, tourism is a revenue generator and unlike most areas that Illinois government deals in, it has a positive return-on-investment. If managed deftly, tourism could play a huge role in reducing the Illinois budget deficit and the 2011 ending unemployment rate of 9.8 percent.

But, significantly stimulating the Illinois tourism industry may require something that Downstate residents probably will not like – investing in Chicago tourism. In addition to what the city will generate from international exposure from the NATO conference, there is a really big issue that could be a game changer – a Chicago casino. That could boost Illinois' currently impressive 10th in U.S. and 7th in international visitor rankings even higher. But, because of Illinois' version of geo-political warfare, Chicago vs. Downstate, that may never happen.

THE OTHER ISSUES YOU CARE ABOUT

CHICAGO CASINO UPDATE

During last year's Illinois Statehouse deliberations on expanded casino gaming, a Chicago Tribune/WGN poll reported that nearly half of the respondents supported a land-based casino in Chicago. The actual tally was 47 percent for versus 41 percent against. It telegraphed the Illinois General Assembly's passage of expanded casino gaming that included the elusive Chicago casino. Governor Pat Quinn, however, put a legislative "poison pill" in the process by demanding that it could not include slot machines at horse racing tracks. It killed the legislation – again.

From a historic perspective, examining the merits of establishing a land-based casino in Chicago go back to the Jim Edgar administration. For those who do not remember, he was the governor of Illinois before Pat Quinn, Rod Blagojevich and George Ryan. Thus, this is not a new issue. But it is very timely.

The public support and legislative action last year may have been spurred because of the dire condition of the Illinois economy. But, the "pro" and "con" arguments have not changed much over the years. They are typically:

PRO
Why should Illinois towns like Alton and Metropolis get casinos and not Chicago?
The City of Chicago and the state are losing money because Chicago gamblers are going to nearby Indiana casinos; and
People are already gambling on the lottery and in NCAA pools and on Fantasy Football, so why not?
CON
The societal and crime problems and costs associated with casino gaming outweigh any fiscal gains;
Casino gambling does not import dollars and only transfers money from other local entertainment options; and
Gambling is just morally wrong.

Regardless of where a voter philosophically stands on the issue, Governor Quinn and the Illinois legislature must weigh their decisions against the economic realities of the budget deficit, the pension funding issue and a high state unemployment rate. In addition to that, Chicago tourism is a proven economic engine that, if enhanced, can significantly boost the state economy.

It may be too much to consider during the Spring 2012 Budget Session, but, the pro-coalition is formidable. It includes the Illinois Hotel/Motel Association, Chicagoland Chamber of Commerce, Illinois Restaurant Association, construction and service unions, Chicago cab companies and Chicago Mayor Rahm Emanuel. The math works for the issue. In this case, however, emotion and philosophy have and may continue to win – as they have since the days of the Jim Edgar administration.

PENSION RIGHTS INTERPRETATION

Per Article 13, Section 5 (Pension and Retirement Rights) of the Illinois Constitutions:

"Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

That passage is at the core of what could/should be the biggest issue in the Illinois Statehouse over the next few years. This Illinois fiscal "hot mess" is breeding creative perspectives on how to interpret that particular section of the Illinois Constitution. Illinois Speaker of the House Michael Madigan thinks that current state employees' retirement benefits can be reduced, while Illinois Senate President John Cullerton thinks it would be unconstitutional.

Most legal experts believe that Illinois state employees currently enrolled in pension plans and Illinois state pension plan recipients (and survivors) cannot have their benefits reduced, based on Article 13, Section 5 of the Illinois Constitution. The problem is that as bad as the Illinois state budget deficit is, the state pension system is in even worse shape. The Civic Federation considers it Illinois' fiscal "ticking time bomb" and the Pew Center on States ranks Illinois last in pension funding. It is estimated that Illinois' unfunded pension liability is $80 billion.

Resolving the pension issue is critical. But the challenge is how to do it. To put things in perspective, Illinois' annual operational budgets average around $26 billion. Currently, the state has an estimated $13 billion budget deficit. A "catch-22" situation also exists where reductions in the number of state employees is resulting in fewer people paying into the various pension systems making it harder to just maintain a solid ratio of active participants to beneficiaries. That is being exacerbated further with record numbers of "baby boomer" state employees currently reaching retirement age. There are currently approximately 84,000 retirees and survivors receiving benefits from the Illinois pension systems vs. roughly 69,000 current state employees. On top of that, Illinois currently has the lowest state employees per capita (residents) in the U.S.

It should also be noted that the problem was primarily caused not by exorbitant pension benefits, but from past Illinois Statehouse decisions that re-directed pension fund payments dutifully made by state workers into other areas of the budget. Ironically, the legality of that has not been loudly questioned.

Regardless of Article 13, Section 5 of the state constitution, legislation will probably start to constantly be introduced in various forms in the Illinois House of Representatives over the next few years that would reduce the state pension benefits of current employees and active beneficiaries. As much as some voters, government watchdogs and state legislators may support the various bills, it may be like watching a bad three-act play.

Act I will be the fight between the General Assembly and the state employee unions. A sidebar is that those unions have been unwavering supporters of the Illinois Democratic Party, which controls both legislative chambers and the offices of the Attorney General, Secretary of State and Governor. If passed, Act II would be the intense lobbying to prevent Governor Quinn from signing the bill. If Governor Quinn did sign the bill, Act III would be the legal challenge that would ultimately be decided by the Illinois Supreme Court.

ODD & QUIRKY THINGS YOU MAY HAVE WONDERED ABOUT

WHAT IS THE DEAL WITH THE LIEUTENANT GOVERNOR POSITION?

Per Article V. Sec. 1. of the Constitution of the State of Illinois, "***the Executive Branch shall include a Governor, Lieutenant Governor, Attorney General, Secretary of State, Comptroller and Treasurer.***" Of those jobs, the lieutenant governor position is by far, the strangest.

Legally, this is a crucial job and is essentially the second highest ranking position in Illinois state government because of Article V. Sec. 6 of the Illinois Constitution. To quote, "***if the Governor is unable to serve because of death, conviction on impeachment, failure to qualify, resignation or other disability, the office of Governor shall be filled by the officer next in line of succession for the remainder of the term or until the disability is removed.***"

It adds later that , "***in the event of a vacancy, the order of succession to the office of Governor or to the position of Acting Governor shall be the Lieutenant Governor, the elected Attorney General, the elected Secretary of State, and then as provided by law***."

But, after a little analysis, the quirks emerge. The job is actually very easy to qualify for. The only criteria to be a dying breath or conviction away from being governor are that the lieutenant governor must be:

- *A U.S. citizen;*
- *At least 25 years old; and*
- *Be a resident of Illinois for the three years preceding the election you are running in.*

That's it. It can be pretty low-stress too. According to Article V, Section 14 of the Illinois Constitution, **"*the Lieutenant Governor shall perform the duties and exercise the powers in the Executive Branch that may be delegated to him by the Governor and that may be prescribed by law*."** Over the years, Illinois lieutenant governors have been in charge of programs and issues such as:

- *The Main Street Program;*
- *Tourism facility/venue development;*
- *Women's health advocacy;*
- *The Rural Bond Bank;*
- *Rural broadband deployment; and*
- *Senior Advisor for Economic Development & Education.*

That only happens if the governor likes their #2. The governor actually doesn't have to give the "Lite Guv" <u>any</u> responsibilities. It wasn't always like this, however. Until a 1970 amendment, the position included being the President of the Senate (sort of like a state version of Vice President Joe Biden). Now, Illinois lieutenant governors can actually hold down another job – which has happened.

The lack of responsibilities actually led to Governor Jim Thompson's Lt. Governor, Dave O'Neal, resigning in 1981 - citing boredom as the reason. Governor Jim Edgar's Lt. Governor, Bob Kustra, also became bored after one term, preferring to take a job as the host of a radio talk show. He did rejoin the ticket for a second term with the promise of having responsibilities - the previously mentioned Senior Advisor for Economic Development & Education.

It should also be pointed out that even the Illinois Constitution places a low value on the position. Under the Article V section 7 it states, "***if the Lieutenant Governor fails to qualify or if his office becomes vacant, it shall remain vacant until the end of the term*,**" meaning it's not even worth back-filling.

Even though a person could risk boredom, the position has some nice perks. It comes with a $130,000 paycheck, a 20+ person staff and an annual budget of around $2 million. You get to travel and give speeches throughout the state and have people clap when you enter the room.

Another quirk of the position is related to elections. Unlike in some states, Illinois' governors and lieutenant governors are members of the same political party and run as a team in the General Election. But, the candidates for the offices run independently in Primary Elections. This can present a quandary for gubernatorial candidates, leaving them with two options:

1. **Select a preferred running mate in the primary and hope they win; or**
2. **Do not select a running mate and hope for the best.**

Based on recent history, picking option #2 is looking bad. In 2001, Democratic Party gubernatorial candidate Paul Vallas chose to not pick a running mate, even though he was encouraged to get one with a focus on someone preferably from or near the Metro-East (St. Louis) region, which has the 2nd highest concentration of Illinois residents outside of Chicagoland. He chose not to. In that election, Vallas barely lost because his opponent carried the Metro-East by a huge margin. If he had picked a running - mate from St. Clair or Madison Counties (i.e. State Senator James Clayborne), it may have neutralized the difference in the Metro-East vote and **Rod Blagojevich would have not become Governor**.

In 2010, Scott Lee Cohen won the Democratic Primary Election for lieutenant governor and was not attached to a gubernatorial candidate. Soon after winning, it became public that he had been arrested for domestic abuse of his supposedly prostitute girlfriend and other, numerous, real and alleged transgressions. This upset the leaders of the state Democratic Party to the point that they trashed him even more than the Illinois GOP did and strongly encouraged him to drop out of the General Election – which he did.

No matter how dull the job is, being the lieutenant governor of Illinois pays well and can just about guarantee the job holder will have a Wikipedia page. Apparently that is why when Scott Lee Cohen dropped - out, a multi-candidate free-for-all ensued to replace him. Or maybe the reason was because thanks to Blagojevich, Article V. Sec. 6 of the Illinois Constitution did kick in and a man he didn't even have meetings with, Lieutenant Governor Pat Quinn, became the governor of Illinois.

Illinois Comptroller vs. Treasurer 101

Illinois has two constitutional officers charged with managing the state's financial affairs – the comptroller and the treasurer. To voters, it could be confusing as to why there are two separate offices. It has even perplexed members of the Illinois General Assembly, who periodically attempt to combine the two offices.

According to Article V. Sections 17 and 18 of the Illinois Constitution:

The Comptroller "shall maintain the State's central fiscal accounts, and order payments into and out of the funds held by the Treasurer. The Treasurer, in accordance with law, shall be responsible for the safekeeping and investment of monies and securities deposited with him, and for their disbursement upon order of the Comptroller."

Essentially, the comptroller is considered the chief fiscal officer and signs the checks. The treasurer is considered the chief investment officer and tries to parlay money in the stock market.

The technical qualifications for both four-year jobs are the same. To be eligible for either position, a person must be at least a 25 years old U.S. citizen that has resided in Illinois for three years prior to the election that would elect them. Unlike a situation where an executive recruiter would become involved, there is no requirement to have a background in finance, be a CPA or have an MBA.

In terms of size, the nearly 300 employee Office of the Comptroller's budget appropriation is typically around $110 million, while the approximately 180 employee Office of the Treasurer's budget appropriation is around $1.8 billion. The budget comparison is not fair because of the portion of the Treasurer's Office appropriation that goes to investments. In fact, both jobs are valued exactly the same in terms of compensation, paying each office holder an annual salary of around $140,000.

To be effective in either job, you need to have a thick skin, because they can both channel love/hate relationships. For example, when former Illinois Treasurer Alexi Giannoulias made money for Illinois, people really liked him. But, when Wall Street tanked and funds under-performed, people sort of hated him. Likewise, when people get a letter from current Illinois Comptroller Judy Baar Topinka, it typically means that you just received money and everyone likes people that give them money. But, when the check is late or you get bad press because the office has a sliver of authority over monitoring cemeteries, people don't like you, which happened to Daniel J. Hines and may be why he is not the governor of Illinois right now.

PROLOGUE
The Magic, Myths and Realities of the Illinois Statehouse

Now that you have read this dossier on Illinois state government, hopefully you have a better understanding of the Illinois Statehouse and its processes and quirks. It may make you more interested in Illinois state government or downright disgusted with it.

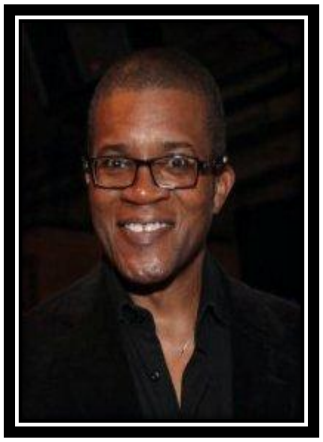
To be frank, Illinois state government does not operate the way government is described in a high school civics or college political science text book. It is a reality exemplifying how when you take a system constructed through a document, in this case a constitution, the ideal version and the real version are quite different.

When I was in college studying poli-sci at Northwestern, I do not remember listening to lectures or reading books on government operations that dealt with:

- ✓ **The impact of unions;**
- ✓ **Pandering to the media;**
- ✓ **The dynamics of geographic boundaries within an electorate;**
- ✓ **How election cycles impact budgeting and planning;**
- ✓ **How reducing the number of government employees can cause fiscal problems;**
- ✓ **What happens to a state government during a national/international economic crisis;**
- ✓ **What happens when you "kick the can" down the road on paying debts;**
- ✓ **How do you eliminate a structural budget deficit and not raise taxes, maintain essential services and keep the electorate happy;**
- ✓ **Should you parlay elements of government that have positive returns on investment;**
- ✓ **What should be done with/to inefficient and/or ineffective government programs; and**
- ✓ **What aspects of government can (and cannot) be run like a business;**

In a way, business and government are similar. Businesses are established to benefit the owners (aka shareholders) and governments are established to benefit its owners (aka voters and residents). But, the big difference is that sometimes good business does not have anything to do with the public good. Unfortunately, right now in Illinois, it seems like we are not conducting good business or doing much public good. Hopefully after reading "The Executive's Guide to Illinois State Government", you will at least know the obvious and the under-lying reasons why.

About the Author



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In addition to operating the PROXY 2.0 government relations/business communications consulting firm which he started in 2000, Moore is the *Chicago Statehouse Correspondent* for the national E-news service *Examiner.com*, posting weekly articles on Illinois government issues.

Moore is also the Executive Director of the National Veterans Art Museum, Vice Chairman of the Veterans Cultural Center of Chicago and a member of the Executive Committee of the Chicago Area Public Affairs Group, a mentor in the Northwestern University Public Interest Program and a member of the Chicago Council on Global Affairs and the Arts Alliance Illinois. He was also a co-founder of Chicago Technology Votes, the President and co-founder of the Technology Education and Training Foundation and wrote a monthly column for *ChicagoTechNews.com* on public sector issues that impacted the Chicago technology industry.

Prior to starting PROXY 2.0, Moore was a Vice-President and Board Secretary for the Illinois State Chamber of Commerce, serving as the primary Chicago-metropolitan area and federal lobbyist and Chicago media spokesperson. He was also responsible for overseeing the association's international trade, communications and job training programs.

Moore joined the Chamber after serving in Illinois Governor Jim Edgar's cabinet as the Assistant Director of the state's primary economic development agency, the Department of Commerce & Community Affairs (DCCA). He was responsible for managing the Chicago office operations, serving as the agency's primary Chicago media spokesperson, championing business advocacy and directly overseeing the large business attraction, small business development, business financing, OSHA and foreign investment trade activities. This was actually Moore's second stint in Illinois state government, initially starting as a Marketing Representative for DCCA in Southwestern Illinois.

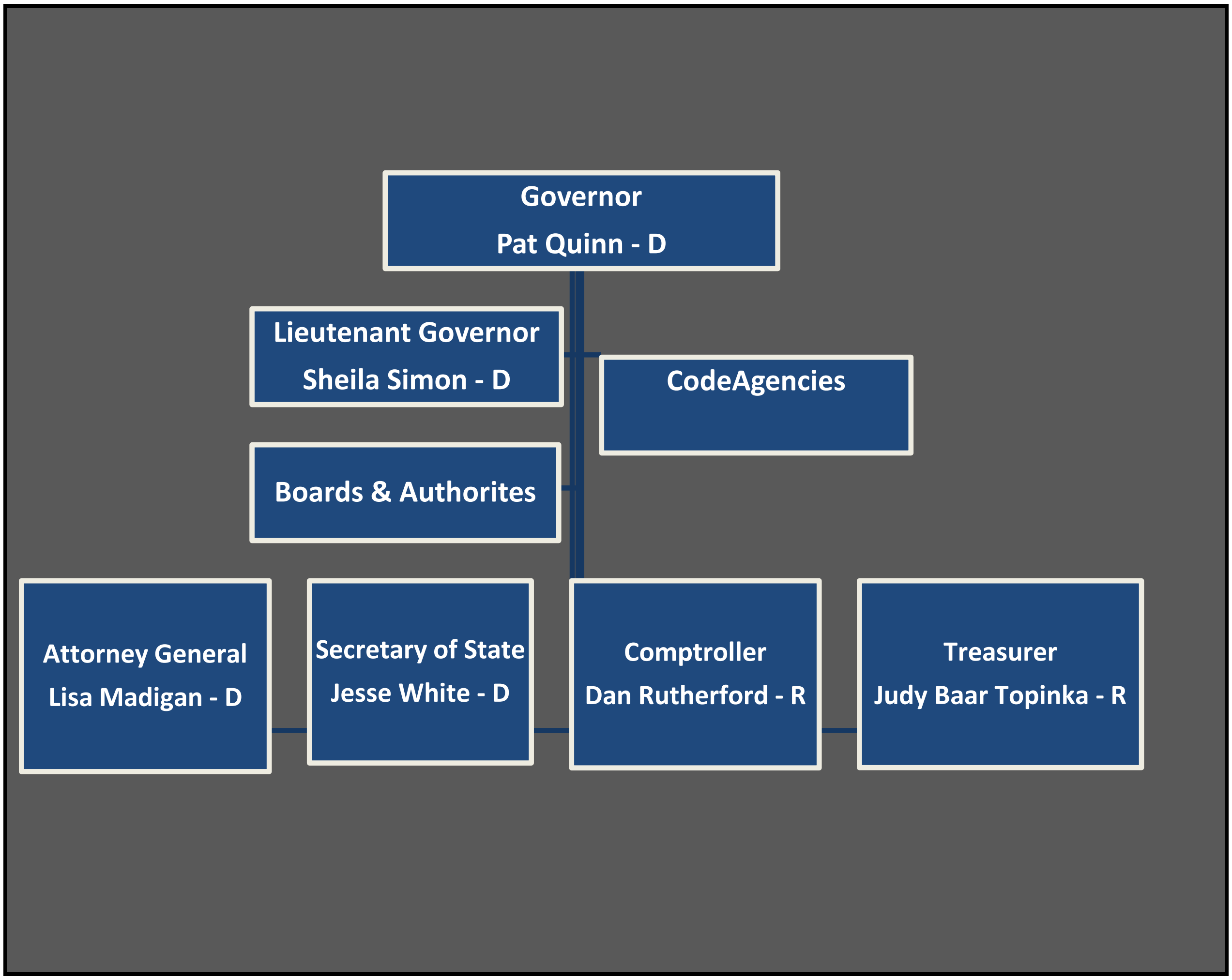
The balance of Moore's professional background includes working as a Senior Associate for Korn/Ferry International, Radio/Video Program Coordinator for East St. Louis, IL School District #189 and co-owner of his family's kitchen cabinet manufacturing business - Model Woodcraft.

In terms of education, Moore has a B.S. degree in journalism with graduate work in political-science from Northwestern University.

He can be reached via web (www.PROXY20.biz), e-mail (levimoore@aol.com) , phone (312-972-0900) or on Twitter (@levibmoorejr).

The Illinois Statehouse (official version)

EXECUTIVE BRANCH



THE AGENCIES, OFFICES, COMMISSIONS & BOARDS

DEPARTMENTS

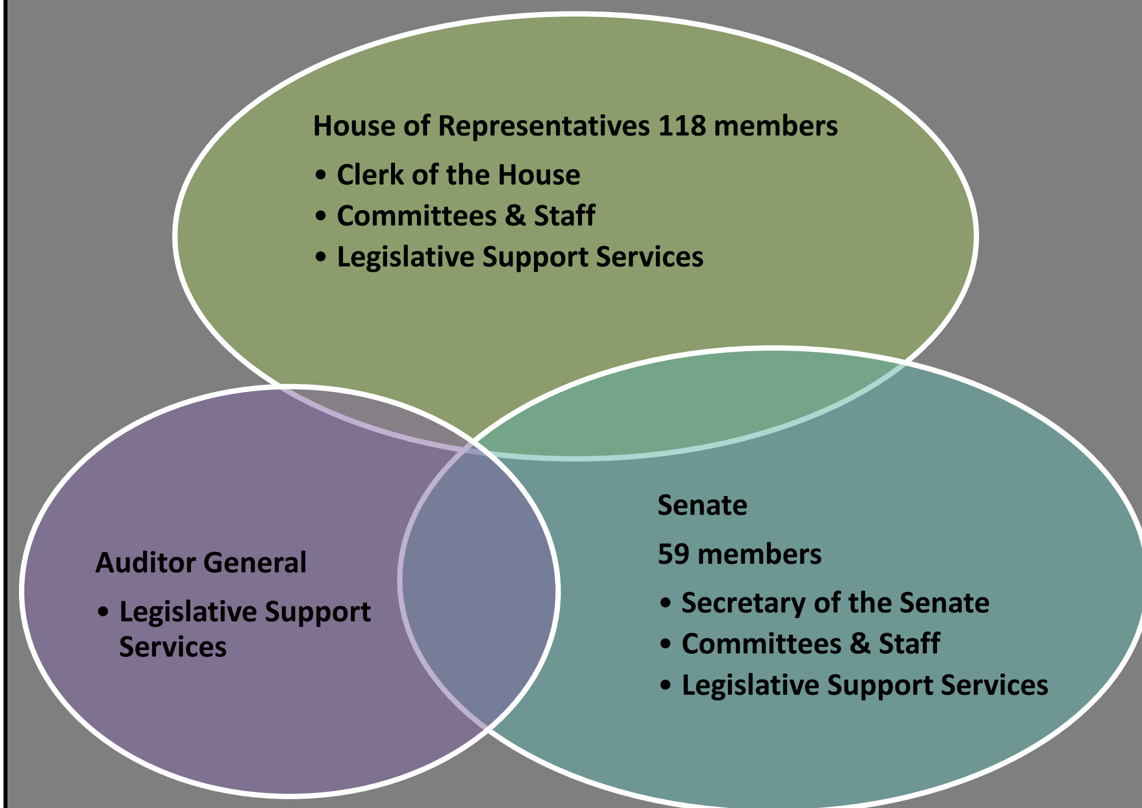
Aging	Agriculture	Arts Council
Children & Family Services	Commerce and Economic Opportunity	Corrections
Emergency Management Agency	Employment Security	EPA
Illinois State Fair	Finance & Professional Regulation	Healthcare & Family Services
Historic Preservation Agency	Human Rights	Human Services
Insurance	Juvenile Justice	Labor
Lottery	Military Affairs	Natural Resources
Power Agency	Public Health	Revenue
Fire Marshal	State Police	Transportation
Veterans Affairs		

OFFICES, COMMISSIONS & BOARDS

Appellate Defender Office
Appellate Prosecutor Office
Attorney Registration & Disciplinary Commission of the Supreme Court of Illinois
Capital Development Board
Civil Service Commission
Commerce Commission
Community College Board
Comprehensive Health Insurance Plan
Criminal Justice Information Authority
Deaf and Hard of Hearing Commission
Developmental Disabilities Council
Discrimination and Hate Crimes Commission
Economic Recovery Commission
Board of Education
Educational Labor Relations Board
Board of Elections
Finance Authority
Gaming Board
Guardianship and Advocacy Commission
Housing Development Authority
Human Rights Commission
Board of Investment
Judicial Inquiry Board
Labor Relations Board
Law Enforcement Training and Standards Board
Liquor Control Commission
Medical District Commission
Pollution Control Board
Prisoner Review Board
Property Tax Appeal Board
Racing Board
State Police Merit Board
State Retirement System
State Universities Retirement System
Student Assistance Commission
Teacher’s Retirement System
Toll Highway Authority
Governor’s Commission on Volunteerism & Community Service
Workers’ Compensation Commission

LEGISLATIVE BRANCH

Senate President	**John Cullerton**	**D**	**(35 members)**
Senate Minority Leader	**Christine Radogno**	**R**	**(24 members)**
Speaker of the House	**Michael Madigan**	**D**	**(64 members)**
House Minority Leader	**Tom Cross**	**R**	**(54 members)**
Auditor General	**William Holland**		



GENERAL ASSEMBLY 101

- **The General Assembly is charged with enacting, amending or repealing laws, passing resolutions, adopting appropriation bills and conducting inquiries on proposed legislation.**

- **It interfaces with Congress when it has to act on amendments to the U.S. Constitution. It also proposes and submits amendments to the Illinois Constitution for consideration by voters.**

- **The Illinois Senate has the additional responsibility of advising and consenting on most gubernatorial appointments to state boards, commissions and offices.**

- **As shown during Governor Rod Blagojevich's administration, the General Assembly may impeach and convict executive and judicial State of Illinois office holders.**

- **Each legislative district has one senator and two representatives. Every two years, one representative of each district is elected to a two year term. The Senate is more complicated. Senate Districts are divided into three groups:**

➢ **Group #1 = 4 years; 4 years; 2 years.**

➢ **Group #2 = 4 years; 2 years; 4 years**

➢ **Group #3 = 2 years; 4 years; 4 years.**

❖ **2012 marks a unique time when every single seat in the Senate and House is up for re-election.**

How a Bill Becomes a Law

Legislative Reference Bureau drafts legislation based on requests

Requests can come from legislators, constitutional officers or state agencies

Bill can be introduced in either chamber

Bills go through 1st reading

Bill is assigned to a committee

Most bills never leave committee

Bill is read 2nd time

Bill may be amended at this point or dies in committee.

Bill goes to 3rd reading

Bill is debated and voted for passage.

Passage only needs a simple majority

If it passes, it goes to the other chamber .

The entire 3-Reading Process must then be repeated in the other chamber.

If the other chamber agrees as written, the bill is sent to the governor

If the bill is amended in the 2nd chamber , it goes back to the originating chamber for concurrence.

The Governor signs it into law (if the governor does not act on the bill, the Secretary of State can enact it).

The Governor can also veto the bill with recommendations or absolutely veto it.

Press conference & bill signing commence

If vetoed, the General Assembly can reconsider with the changes, start the process all over again, or build a 3/5 majority and over-ride the veto and have a press conference with out the governor.

Judicial Branch