State Revenues Are Flat in FY 2003 So Far

The Illinois Economic and Fiscal Commission recently compared revenues from state taxes in July and August of 2002 to those in the same months last year. There was essentially no change overall. As shown in Figure 1, total state tax revenues rose from those two months in FY 2002 to the same months in FY 2003, but by a tiny $4 million.

(continued on p. 2)

Early Retirement Update

By late September the State Employees’ Retirement System (SERS) had sent out 11,000 information packets requested by employees considering taking early retirement, and had received back some 4,600 applications to do so. About 1,200 state employees retired on August 1 (the first possible date) and 900 on September 1. So far about 1,000 persons have applied to retire January 1 (the last possible date unless their agencies extend them to next spring). But SERS Executive Secretary Michael L. Mory expects many more to retire January 1. He suspects that the total number of early retirees will at least equal, if not exceed, SERS’s previous projection of 7,500.

The early retirement incentive also applies to a few hundred state agency employees who are in the Teachers’ Retirement System (TRS) due to being teachers. In late September, TRS reported that 234 of them had requested pension estimates, but only 13 had actually applied—along with 38 who “elected to participate” but were not yet locked into early retirement.

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State Revenues (continued from p. 1)
A look at individual taxes gives some insight into what is happening in the Illinois (and national) economy. Proceeds of most major Illinois taxes fell, by percentages ranging from -0.9% (personal income) to -15.4% (inheritance tax, gross receipts). Among the few taxes that rose were sales, up about 1.5% to $1.054 billion, and liquor, up 15.8% to $22 million. (None of these numbers are adjusted for inflation.) This is consistent with the observation that the economy so far has been kept afloat by spending for personal consumption—which in turn is being supported by increased borrowing, such as low- or zero-interest automobile loans and many mortgage refinancings. (Corporate income tax revenues also rose 11.4% to $49 million; this seems likely to have resulted from one-time factors rather than starting a trend.) The IEFC report noted that substantial increases in tax collections in the remainder of FY 2003 would be needed to meet its projections for FY 2003 revenue. ❑

Abstracts of Reports Required to be Filed with General Assembly
The Legislative Research Unit staff is required to prepare abstracts of reports required to be filed with the General Assembly. Legislators may receive copies of entire reports by sending the enclosed form to the State Government Report Distribution Center at the Illinois State Library. Abstracts are published quarterly. Legislators who wish to receive them more often may contact the executive director.

Aging Dept.
Long Term Care Partnership Insurance Project report, 2001
This program allows people who expect to need long-term care to shield their assets by buying private insurance for it. If they later need medicaid for their care, some or all of their assets will be protected (during life). About 125 copies of a pamphlet were distributed, and information on the program was available from Senior Health Insurance Program volunteers through a toll-free line. But no new Partnership policies were sold in 2001; only 32 have been sold since it began in 1996; and only 9 remain. Recommends ending the program except for existing policyholders. (320 ILCS 35/55; June 2002, 6 pp.)

Auditor General
KidCare program and management audit
In December 2001, 174,778 children and pregnant women were enrolled in KidCare—including 97,036 who were also enrolled in regular medicaid. KidCare is free to medicaid-eligible children and pregnant women; persons with higher incomes make small co-payments, and some also pay premiums. From January 1998 through June 2001, Public Aid Department spent $182 million on KidCare medical expenses for medicaid-eligible enrollees, $126 million for other enrollees, and $36.8 million on administration. Auditor General recommended that Public Aid completely switch from monthly, paper eligibility cards to permanent cards to reduce operating costs and potential for fraud and abuse; assure that all contracts include measurable outcomes; and monitor all contractors’ performance. It recommended that Departments of Public Aid and Human Services properly determine and document income for eligibility; do KidCare redeterminations when required; and remove children from KidCare when they become ineligible due to age. The Departments agreed with those recommendations. (Sen. Res. 152 [2001]; July 2002, 114 pp.)

Corrections Dept.
Quarterly report on prisons, September-December 2001
On November 30 there were 44,684 prisoners in adult institutions, versus rated capacity of 34,587. Educational and vocational programs enrolled 11,953 adults. Juvenile institutions held 1,900 residents, just over rated capacity of 1,812. (730 ILCS 5/3-5-3.1; Jan. 2002, 23 pp.)

Quarterly report on prisons, January-March 2002
In February there were 43,304 prisoners in adult institutions, versus rated capacity of 33,275. Adult population was projected at 44,638 by February 2003. Educational and vocational programs enrolled 10,249 adults. Juvenile institutions held 1,833 residents, versus rated capacity of 1,758. (730 ILCS 5/3-5-3.1; Apr. 2002, 23 pp.)

Environmental Protection Agency
Toxic chemical report, 2000
In 2000, 1,321 Illinois facilities released or transferred 174.3 million pounds of toxic chemicals. Zinc compounds had the highest reported releases and transfers (41.7 million pounds). For the years 1996-2000, facilities in Danville reported both the highest total of air emissions and highest total emissions of chemicals with significant health effects. But from 1988 to 2000, statewide releases and transfers of chemicals having significant human health effects declined from 75.1 to 33.4 million pounds. Tables and charts give detailed data, including top 20 facilities releasing or transferring toxic chemicals; amounts released by county and ZIP Code; and 5-year totals by county. (415 ILCS 5/2b-4; July 2002, 68 pp.)
Human Services Dept.

Homeless Prevention Program, FY 2001

The program’s goals include stabilizing families in their homes, reducing time spent in shelters, and helping them get affordable housing. A network of provider agencies covering the state received $1.4 million and served 4,247 households. (310 ILCS 70/13; April 2002, 38 pp.)

Salary and staffing survey for child-care centers and family child-care home providers, 2001

Some 1,970 licensed child-care centers were registered with Illinois child care resource and referral agencies. Their average capacity was 83 children. Two-fifths offered employee health insurance, 80% paid vacation and holiday leave, and almost two-thirds paid sick leave. Over 80% of teachers had some college; full-time teachers averaged $9.24 per hour ($19,219 yearly); their annual turnover rate was 39%.

Some 8,140 licensed child-care home providers were registered; average capacity was 8, and average hours worked per week were 50.58. Over 50% had some college; almost two-thirds paid sick leave. Over 80% of teachers had some college; full-time teachers averaged $9.24 per hour ($19,219 yearly); their annual turnover rate was 39%.

Insurance Dept.

Insurance cost containment report for 2000

Illinois property-casualty industry’s overall ratio of losses to earned premiums rose from 67% in 1999 to 74.8% in 2000. Within the property-casualty class, loss ratio on homeowners’ insurance rose from 66% to 97.8%, and on medical malpractice from 65% to 104%; thus after commissions and other expenses, insurers lost money overall on those lines. The only line showing overconcentration was medical malpractice (a physician-affiliated company writes two-thirds of policies). Makes no recommendations for regulatory change. (215 ILCS 5/1202; Apr. 2002, 57 pp.)

Supplement to above report for 2001

Updates 2000 report to summarize effects of September 11 terrorist attacks and other extraordinary market conditions in 2001. The attacks had tremendous negative impact on commercial lines; workers’ compensation insurers and commercial reinsurers are limiting coverage. In the medical malpractice field, total costs were over 158% of premiums, and several malpractice insurers left the Illinois market. Rising loss ratios in homeowners’ and personal auto lines foretell significant premium increases there also. Recommends no regulatory changes. (215 ILCS 5/1202; June 2002, 23 pp.)

Intergovernmental Cooperation Commission

Federal block grants report, FY 2002

Gives data on federal block grants to be sent to state agencies in FY 2002 and proposed for FY 2003, including individual agency amounts and programs supported by them. Block grants should provide nearly $1.2 billion in federal FY 2002, to support mental health, drug abuse, maternal and child health, preventive health, social services, low-income home energy assistance, community services, community development, TANF, child care, juvenile accountability incentive, and emergency management performance programs. (25 ILCS 130/4-5; May 2002, 31 pp.)

Midwestern Higher Education Commission annual review, 2001

Commission provides a forum for analyzing higher education problems facing Illinois and nine nearby states. Illinois institutions benefit from telecommunications discounts, development of interactive commercial software for distance learning, course scheduling software, computing resource initiatives, and development of a minority faculty committee. Such programs continue to aid small Illinois public and private institutions more than state universities. (45 ILCS 155/2a; Jan. 2002, 10 pp. + appendices)

State Appellate Defender

Annual report, FY 2002

The agency was appointed in 2,568 new cases—down 3% from 2001. Its June 30, 2002 backlog was 2,110 cases—up 0.5% from 2001. It filed 1,572 Appellate Court and 11 death-penalty briefs. It filed 323 briefs asking to withdraw due to lack of arguable appellate issues; 3 were denied. Its Board of Commissioners approved an FY 2002 operating budget of $20 million, including expansion of its 1st District office to handle all Cook County criminal appeals. Fiscal 2002 appropriation provided funds to continue Panel Attorney Program and hire more lawyers to reduce backlog. The Board requested over $25 million for FY 2003. (725 ILCS 105/10(c)(3); undated, rec’d Sept. 2002, 61 pp.)

Teachers’ Retirement System

Annual report on use of minority, women, disabled, and veteran-owned investment advisors and broker-dealers, FY 2002

On June 30, 2002 the Teachers’ Retirement System Fund had eight minority, women, disabled, and veteran investment advisors. They managed $2.2 billion of its assets, up 18% from FY 2001. Of 224 equity brokers used by TRS’ managers, 19% were classified as such firms. (40 ILCS 5/1-109.1; Aug. 2002, 8 pp.)
2002-2003
Legislative Staff Interns

Legislative Research Unit
Julie Anderson, Augustana College
Meghan Collins, University of Wisconsin-Madison
Shawn Friedman, Bradley University
Scott Wentworth, University of Illinois-Urbana

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Tim Pajak, Lewis University
Lori Beth Meadows, Truman State University and University of Illinois-Springfield
Christine Muller, University of Illinois-Springfield
Abby Radcliffe, Eastern Illinois University and University of Miami-Ohio

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Tom McGovern, SIU-Carbondale
Veronica Smith, Augustana College

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Erik Slover, Southern Illinois University
Zeke Vermillion, Colombia University
Amy Wagner, Purdue University, J.D. De Paul

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Jenny Jamiołkowski, University of Southern California
Melisa Morales, University of Minnesota
Josh Rohrscheib, University of Illinois
Tina White, University of Illinois-Urbana, University of Illinois-Springfield

Front row: Amy Waggner, Tom McGovern, Julie Anderson, Veronica Smith, Amanda Chesley, Christine Muller, Katie Cox, Tim Pajak
Middle row: Zeke Vermillion, Bona Bradbury, Melisa Morales, Abby Radcliffe, Erik Slover, Lori Beth Meadows
Back row: Bill Cleeland, Meghan Collins, former Governor Jim Edgar, Tina White, Scott Wentworth, Shawn Friedman, Matt Berry, Jenny Jamiołkowski
Not pictured: Josh Rohrscheib