STATE OF ILLINOIS

EXECUTIVE DEPARTMENT

SPRINGFIELD, ILLINOIS

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EXECUTIVE ORDER **10-10**

EXECUTIVE ORDER REQUIRING ADDITIONAL SPENDING REDUCTIONS

WHEREAS, the State of Illinois faces an unprecedented fiscal crisis that requires every State employee, at every level, to take every possible measure to reduce spending;

WHEREAS, although the magnitude of the State's current financial shortfall is so great that it cannot be remedied solely by budgetary cuts, every reduction in State spending and every new source of State income represents another step toward fiscal stability;

WHEREAS, like many families and businesses throughout Illinois, this Administration has responded to this historic recession both by making significant cuts in spending and by continuing to seek new ways to save money and increase efficiency;

WHEREAS, the people of Illinois deserve transparent and accurate information about the cost-cutting measures implemented by their government, so that they can hold every elected official and government employee individually and collectively accountable for those cuts and efficiencies; and

WHEREAS, budgetary benchmarks, reporting and enforcement are critically important to ensuring that we reduce costs and limit spending;

THEREFORE, I, Pat Quinn, Governor of Illinois, pursuant to the authority vested in me by Article V of the Constitution of the State of Illinois, hereby order as follows:

I. SALES OF SURPLUS STATE PROPERTY

The Department of Central Management Services [hereinafter "CMS"], at the direction of the Governor's Office of Management and Budget [hereinafter "GOMB"], shall identify surplus personal property owned by the State of Illinois, including, but not limited to, such items as: computer and telephone equipment, furniture and other office equipment, vehicles, commercial-grade kitchen appliances and decorative items. These surplus items shall be sold via auction, either on-line or in person, in strict accordance with all applicable laws, rules, and regulations. These sales will supplement the current CMS auctions of surplus items through the State Surplus Warehouse. All agency warehouses shall be supervised by CMS to implement this requirement.

GOMB and CMS shall review all vacant or unused real estate owned by the State, based on the statutorily required property report prepared by CMS. Following that review, GOMB and CMS shall develop and implement a comprehensive real estate strategy that identifies opportunities to use or repurpose vacant properties more efficiently and designates State properties to be sold at fair market value.

II. REDUCTIONS IN LEASING COSTS

CMS shall continue to reduce costs through its program of renegotiating State leases and consolidating office space at least through the end of Fiscal Year 2011.

GOMB and CMS shall develop and implement a joint plan to further reduce expenditures on office space. This plan will require facilities consolidations, housing multiple agencies at a single location wherever possible. Additionally, State offices shall be relocated from rented space to State-owned facilities wherever possible. Finally, to further reduce the need for leased space, agencies shall require employees to share office space wherever possible, especially part-time employees and those employees who are offsite during some or all of the workday.

III. ENERGY EFFICIENCY AND CONSERVATION

All State employees shall reduce energy consumption and adopt all relevant waste prevention and energy conservation practices. These efforts shall include increased efforts to meet and exceed the conservation and sustainability goals set out in Executive Order 11 (2009). State facilities managers and employees under their direction shall assign high priority to inspection and maintenance of all heating, air conditioning, ventilation, electrical and plumbing systems and equipment to ensure energy-efficient operation. CMS, in collaboration with the Capital Development Board and the Department of Commerce and Economic Opportunity shall continue to employ all applicable State and federal incentives, State capital funds, and federal American Recovery and Reinvestment Act awards to implement cost-effective energy efficiency upgrades to State-owned and leased facilities.

IV. TRAVEL RESTRICTIONS AND REDUCTIONS IN VEHICLE COSTS

All agencies shall reduce and restrict travel-related expenditures. In addition to strict adherence to guidelines set forth in the Governor's Travel Control Board manual, agencies shall further reduce travel expenditures in every way possible. Reduction efforts shall include, but are not limited to, the following:

<u>Pre-Approval and Post Hoc Review</u>

All employees must receive express pre-approval for any reimbursed travel from the head of the agency in which they are employed, or from the designee of the agency head. All agencies must conduct post-hoc review of all travel vouchers to identify and eliminate excessive or unnecessary requests for reimbursement.

<u>In-State Travel</u>

All agencies shall make every effort to limit the number of staff who travel and seek reimbursement. To the extent feasible, agencies shall reduce travel reimbursement costs by requiring employees to use State-owned vehicles, to carpool in State-owned vehicles, or to take public transportation whenever possible. Agencies also shall use teleconferencing and videoconferencing in place of employee travel whenever possible.

<u>Per Diem</u>

Agencies shall report on the feasibility of reducing *per diem* reimbursement amounts for their employees within 30 days of the effective date of this Executive Order.

<u>Out-of-State Travel</u>

Agencies shall deny reimbursement for all out-of-State travel, except when that travel is deemed essential or in case of emergency. Designation of essential or emergency travel shall be subject to final approval by GOMB.

Motor Vehicles

Agencies shall reduce expenditures associated with the operation of motor vehicles. This effort shall include, but is not limited to:

-eliminating all non-essential vehicle usage;
-restricting use of personally assigned vehicles by State employees;
-reducing fuel and maintenance costs by phasing out high-mileage, obsolete vehicles;
-reducing mileage reimbursement rates where possible.

V. TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY SPENDING REDUCTIONS

Agencies shall reduce telecommunications and information technology expenditures through initiatives that include, but are not limited to, the following:

Telecommunications

Agencies shall terminate any unused or unnecessary land-based telephone lines, with the goal of reducing landline-related expenditures by 20% of current spending.

Agencies shall immediately inventory all mobile telecommunications devices assigned to employee use, including, but not limited to: mobile and cellular phones, Blackberries and other personal digital assistants (PDAs), and pagers. Assignment of mobile telecommunications devices shall be limited to those employees whose duties make those devices essential, and agencies shall limit the services included in each mobile telecommunications contract, with the goal of cutting costs for mobile telecommunication devices by 20%.

Wherever feasible, agencies shall increase use of Voice Over Internet Protocol (VOIP) as an alternative to telephone and fax communication.

Information Technology

Agencies shall limit information technology expenditures by means that include, but are not limited to:

-auditing software license use and reducing costs wherever possible;
-using reduced-cost procurement methods, especially invitations for bid (IFBs);
-increasing the use of cloud computing (e.g., data storage, web services, email, application hosting), where appropriate.

VI. CANCELLATION OF UNNECESSARY MEMBERSHIPS AND SUBSCRIPTIONS

All agencies shall immediately cancel all subscriptions to periodicals, publications, information services, and all memberships in dues-based organizations, except those that are essential to core agency operations. GOMB shall make the ultimate determination of whether any subscription or membership is essential to core agency operations.

VII. REDUCTIONS IN PRINTING COSTS

In Fiscal Year 2011, agencies shall reduce printing expenditures by at least 25% compared with Fiscal Year 2010 levels.

VIII. REDUCTIONS IN PERSONNEL COSTS AND OVERTIME

All agencies shall implement management policies that will reduce expenditures on employee overtime costs.

All agencies shall, by the end of Fiscal Year 2011, reduce any expenditures associated with Earned Equivalent Time, or any substantially similar program, for employees in positions that are:

-*Rutan*-exempt, and
-Exempt from the Personnel Code, and
- not governed by the provisions of a collective bargaining agreement.

This provision shall not be construed or implemented in any way that contradicts or conflicts with any applicable federal or State statute governing labor practices.

This provision shall not apply to any State employee whose responsibilities include providing direct care, including, but not limited to, nursing staff in veterans' homes, or nursing staff providing care to patients in State-operated facilities.

IX. EMPLOYEE AND RETIREE GROUP INSURANCE CO-PAYMENTS AND DEDUCTIBLES

At the direction of GOMB, CMS and the Department of Healthcare and Family Services [hereinafter, "DHFS"] shall develop a plan to limit expenditures associated with group insurance, including increasing employee and retiree group insurance co-payments and deductibles. Nothing in this subsection shall be construed as a directive to violate or improperly circumvent any requirement of law, rule, regulation, or collective bargaining agreement. GOMB shall make efforts to ensure that representatives of appropriate agencies collaborate with representatives of organized labor in this process.

X. ELIGIBILITY AUDIT

Within 60 days of the effective date of this Executive Order, CMS shall report to GOMB on the feasibility of conducting an eligibility audit of all persons drawing pensions or receiving benefits from any State group insurance or benefit program.

XI. SALE OF DEBT

Within 60 days of the effective date of this Executive Order, CMS shall report to GOMB on the feasibility of generating new revenue by selling uncollected State debts to a debt collection agency.

XII. REVIEW OF CONTRACTS VALUED AT $1 MILLION OR MORE

CMS shall report to GOMB as soon as practicable on the status of its continuing review of all contracts of $1,000,000 or more. Wherever possible, CMS shall reduce contractual expenditures or rebid any contracts that offer opportunities for meaningful cost savings.

XIII. FY 2011 BUDGET RESERVES

The Director of GOMB will issue an administrative directive to reflect the reduced appropriation levels provided in the FY 2011 budget and to create contingency reserves, as authorized under the Executive Budget Act of Fiscal Year 2011.

XIV. MEDICAID MANAGED CARE

DHFS, in collaboration with the Office of the Governor, shall continue implementing its unique managed care initiative: the Integrated Delivery System Pilot Program for older adults and people with disabilities receiving benefits under the State's Medicaid program. In collaboration with the Office of the Governor, DHFS shall continue to develop and implement additional programs to reduce Medicaid spending growth through managed care and other mechanisms to improve health outcomes.

XV. COST SAVINGS SUGGESTIONS

Agencies shall continue to encourage management and staff to develop and suggest practical ideas for reducing spending, particularly through the State Government Suggestion Award Board, accessible at http://www.illinois.gov. Agencies shall also encourage suggestions for spending reductions from the citizens of the State of Illinois. Agencies shall make best efforts to adopt and implement all reasonable cost savings suggestions.

ENFORCEMENT

I. RESPONSIBILITIES OF THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

All agencies shall strictly adhere to the requirements of this Executive Order, and to any administrative order or similar directive from the Director of GOMB pertaining to any action required by or related to this Executive Order, or any action related to the requirements of this Executive Order. These directives will include, but are not limited to, guidelines on employee compensation and instructions on implementation of any furlough day requirements for certain State employees. The Director of GOMB shall enforce agency compliance with the requirements of this Executive Order.

The Director of GOMB may establish appropriate incentives for compliance and sanctions for non-compliance, in accordance with all applicable laws, rules, regulations, contractual obligations, collective bargaining agreements, and other requirements.

No State agency may hire an employee or officer, fill any vacancy, create any new position of employment, promote or transfer any employee or officer to any position, modify compensation or enter into a personal services contract without completing an EPAR that receives express approval in the manner specified by the Director of GOMB. The Director of GOMB is hereby directed to implement changes to streamline the EPAR process.

No agency may obligate any State resources in the form of grants, gifts, stipends, monetary subsidies, contracts, or other direct financial transfer [hereinafter "grant" or "grants"] unless the agency has initiated a Procurement Business Case [hereinafter "PBC"] and received approval in a manner GOMB specifies, through the PBC system.

II. ADMINISTRATIVE ORDERS

The Director of GOMB shall implement specific cuts and any other actions contemplated by this Executive Order, at his/her discretion, pursuant to one or more administrative orders. The Director of GOMB also shall issue an administrative directive establishing a process to identify and approve expenditures as essential or emergency expenditures exempt from the requirements of this Executive Order. The Director of GOMB will publish guidelines for implementing each of the reductions set forth in this Executive Order. The Director of GOMB also may issue administrative directives to implement other reductions not specified in this Executive Order. The Director of GOMB may delegate authority to implement the provisions of this Executive Order.

All State agencies, including those previously considered "unconsolidated" under Executive Order Number 10 (2003), will participate in the cost-savings measures required in this Executive Order, including, but not limited to, facilities consolidation, prioritization, renegotiation, energy conservation, and space management activity. All agencies shall consolidate their facilities management activities and staffs through intergovernmental agreements with CMS, or through other mechanisms as directed by the Director of GOMB, to provide centralized management and cost-saving. To the extent that Executive Order 10 (2003) or any part of it contradicts, contravenes, or conflicts with the requirements of this Executive Order, any such contradictory, contravening or conflicting provision is hereby superseded and revoked.

III. REPORTING / BENCHMARKS

As soon as practicable, but no later than 30 days after the effective date of this Executive Order, all affected agencies must report to GOMB the amount of reductions they have implemented or realized or which they will be able to implement or realize as required in this Executive Order, as well as savings resulting from any other reductions.

All reporting required by this Executive Order shall be posted and regularly updated online at http://accountability.illinois.gov. All affected agencies must update their progress in meeting spending reduction targets no less frequently than each quarter by providing such data to GOMB. CMS shall be responsible for maintaining this website at the direction and under the supervision of GOMB.

IV. DEFINITIONS

"Affected Agencies," "Agencies," and "State Agencies" (i.e., State agencies to which this Executive Order applies) shall have the same meaning as "State agencies" in the State Auditing Act, 30 ILCS 5/1 et seq., except that it shall not include agencies within the legislative or judicial branches of government, nor agencies within the executive branch of government that are under the direction of the Lieutenant Governor, Attorney General, Secretary of State, Comptroller, or Treasurer.

"Electronic Personnel Action Request [alternatively "EPAR"] is an electronic document that provides essential details of positions of employment in State government, and a mechanism for effectuating a personnel transaction.

"Expenditure(s)" is the amount of money obligated or expended for a particular purpose, good, or service in a fiscal year. In identifying reductions in expenditures, agencies shall give priority to reductions in the expenditure of funds derived from the General Revenue Fund ("GRF"). However, all funds shall be subject to spending reductions, and reductions in GRF spending shall not be offset by increased spending of non-GRF monies.

"Emergency Expenditure(s)" and "Essential Expenditure(s)" are expenditures otherwise prohibited by one or more provisions of this executive order that are determined by GOMB to be necessary because (1) a significant, unavoidable, and unforeseen cost has arisen or (2) because cutting the expenditure would jeopardize one or more fundamental operations of State government. Any emergency or essential expenditure is expressly exempted from the limitations of this Executive Order.

"Employee(s)" are persons employed by a State agency.

"Reduction" is the amount of money appropriated to an agency that is not obligated or expended as a result of any of the requirements set forth in this executive order or as a result of any other savings initiatives.

"Reduction Category" refers to the spending reduction categories set forth as subsections of this executive order.

"*Rutan*-exempt" means a position of employment to which principles set forth by the United States Supreme Court in *Rutan v. Republican Party of Illinois*, 497 U.S. 62 (1990) do not apply.

V. SAVINGS CLAUSE

Nothing in this Executive Order shall be construed to contravene any State or federal law, or any collective bargaining agreement.

VI. SEVERABILITY CLAUSE

If any part of this Executive Order is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

VII. EFFECTIVE DATE

This Executive Order shall become effective upon its filing with the Office of the Secretary of State.

Pat Quinn

Pat Quinn
Governor

Issued by the Governor:	July 1, 2010
Filed with the Secretary of State:	July 1, 2010

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