



February 2006

The Honorable Michael J. Madigan
Speaker of the House
300 State House
Springfield, IL 62706

The Honorable Emil Jones, Jr.
Senate President
327 State House
Springfield, IL 62706

The Honorable Tom Cross
House Minority Leader
316 State House
Springfield, IL 62706

The Honorable Frank C. Watson
Senate Minority Leader
309A State House
Springfield, IL 62706

Mr. Mark Mahoney
Clerk of the House of Representatives
402 State House
Springfield, IL 62706

Ms. Linda Hawker
Secretary of the Senate
401 State House
Springfield, IL 62706

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Pursuant to the Executive Reorganization Implementation Act (15 ILCS 15), this report is issued to address the reorganization and consolidation of workforce development and job training programs to the Department of Commerce and Economic Opportunity (DCEO) resulting from Executive Order 11 (2003).

Economies

The following economies have been realized from the consolidation:

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620 East Adams Street
Springfield, Illinois 62701-1615
217/782-7500
TDD: 800/785-6055

James R. Thompson Center
100 West Randolph Street, Suite 3-400
Chicago, Illinois 60601-3219
312/814-7179
TDD: 800/785-6055

2309 West Main, Suite 118
Marion, Illinois 62959-1180
618/997-4394
TDD: 800/785-6055

GRF Cost Savings from Workforce Program Consolidation

(\$ in thousands)

	FY03	FY04	\$ change
1. Eliminate Jobs for Illinois Graduates funding at ISBE	\$7,242.7	\$0.0	(\$7,242.7)
2. Reduce funding for Current Workforce Training Grants at ICCB	\$4,263.9	\$2,300.0	(\$1,963.9)
3. Eliminate operational funding for Prairie State 2000 Authority	\$528.6	\$0.0	(\$528.6)
4. Reduce funding for Industrial Training Program at DCEO	\$21,621.5	\$14,521.5	(\$7,100.0)
5. Shift DCEO administrative costs to WIA or WIA indirect recoveries	\$2,971.4	\$0.0	(\$2,971.4)
			(\$19,806.6)

Effects

Calendar year 2005 brought about further progress in the reorganization and consolidation of workforce development and job training programs pursuant to the reorganization.

Trade Adjustment Assistance

On March 31, 2003, Governor Rod Blagojevich signed Executive Order Number 11, one component of which transferred all powers, duties, rights and responsibilities vested in the Illinois Department of Employment Security (IDES) with respect to the administration of the Federal Trade Adjustment Assistance (TAA) program to the Illinois Department of Commerce and Economic Opportunity.

DCEO had delegated administration of the TAA program to IDES in Fiscal Year 2004. On October 1, 2004 (Fiscal Year 2005), the administration of the program was transitioned to DCEO. To meet the requirements of the Executive Order, a special request was submitted to the United States Department of Labor (USDOL), Employment and Training Administration, Region V, that would allow the State of Illinois to co-administer the TAA program with the 26 Local Workforce Investment Areas (LWIAs) in Illinois. To facilitate the implementation at the local level, DCEO program staff formed a special task force of the LWIAs to introduce the program to local service delivery areas and to develop policy and procedures for the administration of the program. In addition to the task force, an inter-agency team was formed and met regularly to facilitate a seamless transfer. DCEO used the expertise of a retired USDOL TAA Coordinator to offer extensive statewide training and policy development. This transition is strengthening the local system ensuring comprehensive service delivery to workers and businesses.

DCEO and IDES are working together to address monitoring issues raised by the United States Department of Labor related to determinations and the delivery of services under the Trade Adjustment Assistance program. Specifically, administrative procedures have been changed to eliminate duplication between TRA and TAA administration. These changes were published in Policy Letter 05-PL-13 - Trade Adjustment Assistance (TAA) Administration. Under the new policy, LWIAs are now responsible for issuance of training waivers, distribution of Benefits,

Rights and Obligations and applications for TAA funded training. The State of Illinois was also asked to serve as a Pilot State for a National Co-Enrollment Study on joint delivery of WIA Title I Dislocated Worker and TAA training services.

Additionally, to advance integration of trade and workforce activities as well as pursue the overarching vision of workforce development, language was incorporated in the IDES and DCEO inter-agency agreement that further defined IDES responsibility. Specifically, the agreement keeps within IDES the three components involving the distribution of monetary benefits to impacted workers. These include; Trade Readjustment Allowances, or TRA; Alternative Trade Adjustment Assistance (ATAA) program and Health Care Tax Credit (HCTC) program.

The Trade Adjustment Assistance component that links impacted workers with training opportunities, job search allowances and relocation allowances, are the responsibility of DCEO and the LWIAs. The consolidation of TAA career advancement activities with the WIA Title I Dislocated Worker programs strengthen workers' ownership of their careers, while providing flexible resources and services designed to improve skills or assist in moves up the career ladder. TAA career advancement activities include assessment, career counseling, delivery of training, job search and relocation allowances.

Strengthening of Illinois Workforce & Economic Development System

Through the issuance of Executive Order 11 Governor Blagojevich envisioned strengthening Illinois' system to build a skilled and globally competitive workforce throughout the state. Toward this end, the Department of Commerce and Economic Opportunity (DCEO) has been working to link economic development and workforce programs through various initiatives and strategies.

One initiative created to support the Governor's vision is the Critical Skills Shortage Initiative (CSSI). The goal of this initiative is to align regional workforce programs to provide a reliable supply of qualified job seekers for critical skill shortage occupations. DCEO is undertaking this initiative as a partnership between LWIA' and Economic Development Regions to help achieve the desired linkage between workforce programs and economic development.

To complement, CSSI and further align economic development and workforce programs, DCEO sought a waiver in May of 2005 from the United States Department of Labor (DOL), to allow LWIBs to divert up to 10 percent of their adult, dislocated worker, and youth allocations to support incumbent worker training programs.

This training waiver goes beyond traditional statewide funding of incumbent worker programs by providing funding flexibility at the local level. Thus, LWIAs are able to develop targeted approaches to respond to critical skills shortages in their areas. Furthermore, this new flexibility allows LWIAs to develop a full continuum of training services that address the needs of the existing workforce, the unemployed, underemployed, and new entrants to the labor force.

DCEO Bureau of Workforce Development Reorganization

The Bureau of Workforce Development (Bureau), completed changes to the organizational structure that will enable the agency to more effectively address critical maintenance functions and implement changes to policies associated with the “new vision” for workforce development.

Specifically for 2005, the Bureau implemented a new organizational design, approved by Central Management Services (CMS) in March 2005, which entailed the creation of a fully consolidated Regional Workforce Management Division (RWMD), a Program Development Division, and a Special Projects Division. This structure was chosen as it created the greatest efficiency in the use of current staff, as well as staff that are likely to become available in the future. It further provided the clearest focus for accomplishing the critical maintenance functions, and it most effectively addressed the areas where staff shortages were problematic, especially in the area of fiscal monitoring. Finally, it provided significant horizontal enrichment in the field portion of the Bureau.

The realization of this comprehensive organizational restructuring has already allowed the Bureau to achieve some of the projected benefits and the significant ones include:

- new staff being hired and trained, current staff cross-trained and managers in place
- the completion of all federal monitoring requirements and are on target for 2006
- successfully developed and submitted to DOL the mandated two-year plan
- developed and released three major policy letters: incumbent worker, CSSI reporting, trade funding, in addition also released 10 other policy letters related to WIA
- the successful negotiation of performance outcomes with both DOL and the LWIA's and the timely completion of DOL required changes to the IWDS reporting system
- fulfillment of the requirements of Executive Order Number 11 which included assuming the responsibility for the management and coordination of the Federal Trade Adjustment Assistance program
- completion of a redesigned compliance and fiscal monitoring system with additional plans to automate in 2006
- all twenty-six (26) LWIAs meeting or exceeding performance measures. This is a first since the inception of WIA.

Legislation

DCEO does not have any recommendations for further legislation related to the reorganization at this time.

Respectfully submitted,

Jack Lavin
Director

2/22/2006