UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2000

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number: 1-5707

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Illinois	36-6097429
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One Tower Lane, Suite 2100, Oakbrook Terrace, Illinois 60181
(Address of principal executive offices) (Zip Code)

(630) 954-0400
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

The number of shares outstanding of the issuer's common stock as of January 31, 2001 was 5,086,656.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEET (Unaudited)

(In Thousands)	December 31 2000	September 30 2000
ASSETS		
Current assets:		
Cash and equivalents	$ 8,096	$ 7,236
Short-term investments	3,475	5,470
Accounts receivable, less allowances		
(Dec. 2000 --$439; Sept. 2000 --$512)	4,330	4,430

Total current assets	15,901	17,136
Property and equipment:		
Furniture, fixtures and equipment	6,360	6,058
Accumulated depreciation	(3,382)	(3,215)
Net property and equipment	2,978	2,843
Total assets	$18,879	$19,979

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Dividends payable	$ 1,272	$ 1,272
Accrued compensation and payroll taxes	2,692	3,769
Other current liabilities	624	795
Total current liabilities	4,588	5,836
Shareholders' equity:		
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding -- 5,087 shares	51	51
Capital in excess of stated value of shares	4,569	4,569
Retained earnings	9,671	9,523
Total shareholders' equity	14,291	14,143
Total liabilities and shareholders' equity	$18,879	$19,979

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Three Months Ended December 31	
(In Thousands, Except Per Share)	2000	1999
Net revenues:		
Placement services	$5,564	$5,321
Contract services	3,348	4,568
Net revenues	8,912	9,889
Operating expenses:		
Cost of contract services	2,148	2,972
Selling	3,458	3,213
General and administrative	3,247	2,810
Total operating expenses	8,853	8,995
Income from operations	59	894
Interest income	194	149
Income before income taxes	253	1,043
Provision for income taxes	105	420
Net income	$ 148	$ 623
Net income per share:		
Basic	$ .03	$ .12
Diluted	$ .03	$ .12
Average number of shares:		
Basic	5,087	5,087
Diluted	5,113	5,122

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(In Thousands)	Three Months Ended December 31 2000	1999
Operating activities:		
Net income	$ 148	$ 623
Depreciation and other noncurrent items	196	150
Accounts receivable	100	(225)
Accrued compensation and payroll taxes	(1,077)	(1,099)
Other current liabilities	(171)	350
Net cash used by operating activities	(804)	(201)
Investing activities:		
Acquisition of property and equipment	(336)	(425)
Maturities of short-term investments	2,000	2,800
Net cash provided by investing activities	1,664	2,375
Increase in cash and cash equivalents	860	2,174
Cash and cash equivalents at beginning of period	7,236	5,025
Cash and cash equivalents at end of period	$8,096	$7,199

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Interim Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. This financial information should be read in conjunction with the financial statements included in the Company's annual report on Form 10-K for the year ended September 30, 2000.

Cash and Short-Term Investments

The balance of cash and cash equivalents as of December 31, 1999 on the consolidated statement of cash flows has been adjusted to include $3,282,000 of securities previously classified as short-term investments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company provides placement and contract staffing services for business and industry, specializing in the placement of professional information technology, engineering and accounting professionals. As of December 31, 2000, the Company operated 42 offices located in major metropolitan business centers in 14 states.

A summary of operating data, expressed as a percentage of consolidated net revenues, is presented below.

Three Months
Ended December 31

	2000	1999
Net revenues:		
Placement services	62.4%	53.8%
Contract services	37.6	46.2
Net revenues	100.0	100.0
Operating expenses:		
Cost of contract services	24.1	30.1
Selling	38.8	32.5
General and administrative	36.4	28.4
Total operating expenses	99.3	91.0
Income from operations	0.7%	9.0%

First Quarter Results of Operations

Net Revenues

For the three months ended December 31, 2000, consolidated net revenues were down $977,000 (10%) from the same period last year. This was due to the combination of a $243,000 (5%) increase in placement service revenues and a $1,220,000 (27%) decrease in contract service revenues. Placement services represented 62.4% of consolidated net revenues for the period, and contract services represented 37.6% of the total.

Placement service revenues increased because of an 8% increase in the average placement fee, while the number of placements was down slightly from the prior year. The decrease in contract service revenues was the result of a 26% decline in billable hours.

The Company experienced sequential declines in contract service revenues over the previous several quarters, and management believes that this trend is associated with a general slowdown in the U.S. economy that particularly affected the information technology sector. There was also a shift in customer staffing patterns from contract work to full-time placements during that period of time.

It is uncertain how long these trends might last, but management expects them to continue in the near future. Because of this, the Company broadened the scope of its placement services from information technology specialties to include emphasis on the placement of accounting and engineering professionals.

Operating Expenses

Total operating expenses for the quarter were down $142,000 (2%) compared with the same quarter last year.

The cost of contract services was down $824,000 (28%), as a result of the lower contract service revenues. The gross profit margin on contract services was 35.8% this quarter, compared with 34.9% the prior year. The gross profit on contract services declined $396,000 (25%), due to the combination of lower contract service revenues and a slightly higher profit margin.

Selling expenses increased $245,000 (8%) this quarter, and they represented 38.8% of consolidated net revenues, which was 6.3 points higher than the prior year. The increase in the amount of selling expenses was primarily due to higher spending for recruitment advertising on the Internet. Selling expenses were a higher percentage of consolidated net revenues because of the shift in mix of revenues toward placement services.

General and administrative expenses increased $437,000 (16%) for the quarter, and they represented 36.4% of consolidated net revenues. This was up 8.0 points from the same quarter last year. Compensation in the operating division increased 32% for the quarter, due to an increase in the number of employment consultants, together with the effect of new consultant compensation arrangements that place greater emphasis on fixed compensation, while reducing commission rates, in some branch offices. Office occupancy and operating costs increased 15% due to higher depreciation costs associated with upgrading the Company's computer systems and office furniture last year, and all other general and administrative expenses were down 3%.

Income from Operations and Other Items

The combined effect of revenues declining 10% while general and administrative expenses increased by 16% resulted in an $835,000 (93%) decrease in income from operations for the quarter.

Interest income increased $45,000 (30%) in the quarter, due to a combination of higher funds available for investment and higher average interest rates.

The effective income tax rate was 41.5% in this quarter, up slightly from the 40.3% rate the prior year.

As a result, net income for the quarter was down $475,000 (76%) from the prior year.

Financial Condition

As of December 31, 2000, the Company had cash and short-term investments of $11,571,000. This was a decrease of $1,135,000 from September 30, 2000. Net working capital at December 31, 2000 was $11,313,000, which was an increase of $13,000 compared with last September, and the current ratio was 3.5 to 1.

The Company's primary source of funds is from operations. However, a seasonal reduction of accrued compensation and payroll taxes generally results in an outflow of funds during the first quarter of the Company's fiscal year. During the three months ended December 31, 2000, net cash used by operating activities was $804,000. A reduction of payroll liabilities required $1,077,000 during the period, while all other operating activities provided $273,000.

During the first three months of the fiscal year, the Company spent $336,000 for the acquisition of property and equipment.

In September 2000, the Company declared a cash dividend on its common stock of $1,272,000 ($.25 per share) that is payable in January 2001.

All of the Company's office facilities are leased, and information about future minimum lease payments is presented in the notes to the consolidated financial statements contained in the Company's annual report on Form 10-K for the year ended September 30, 2000.

As of December 31, 2000, the Company had no debt outstanding, and it had a $1,000,000 unused line of credit available. Shareholders' equity at that date was $14,291,000, which represented 76% of total assets.

Management believes that existing cash and short-term investments, together with funds generated by operations, will be adequate to meet the Company's anticipated operating and capital spending needs.

Forward-Looking Statements

As a matter of policy, the Company does not provide forecasts of future financial performance. However, the Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in press announcements, reports to shareholders and filings with the Securities and Exchange Commission. All statements which address expectations about future operating performance and cash flows, future events and business developments, and future economic conditions are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This includes statements relating to business expansion plans, expectations about revenue and earnings growth, and general statements of optimism about the future. These statements are based on management's then-current expectations and assumptions. Actual outcomes could differ significantly. The Company and its representatives do not assume any obligation to provide updated information.

Some of the factors that could affect the Company's future performance include, but are not limited to, general business conditions, the demand for the Company's services, competitive market pressures, the ability of the Company to attract and retain qualified personnel for regular full-time placement and contract project assignments, and the ability to attract and retain qualified corporate and branch management.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

The following exhibit is filed as part of this report:

No. Description of Exhibit

10 Resolution of the Board of Directors adopted November 20, 2000, establishing a Senior Executive Bonus Pool for fiscal 2001.

The Company filed no reports on Form 8-K during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Registrant)

Date: February 7, 2001 By: /s/ Herbert F. Imhoff
Herbert F. Imhoff
Chairman of the Board
and Chief Executive Officer

Date: February 7, 2001 By: /s/ Kent M. Yauch
Kent M. Yauch
Chief Financial Officer
and Treasurer

Exhibit 10

RESOLUTION OF THE BOARD OF DIRECTORS
GENERAL EMPLOYMENT ENTERPRISES, INC.
ADOPTED NOVEMBER 20, 2000

RESOLVED, that effective October 1, 2000, the Company establish a Senior Executive Bonus Pool for fiscal 2001 payable to Herbert F. Imhoff, the Company's Chairman of the Board and Chief Executive Officer, and to Herbert F. Imhoff, Jr., the Company's President and Chief Operating Officer, with the total sum of the pool to be divided between the two executives, with 60% of the bonus pool to be paid to Herbert F. Imhoff, Sr. and the remaining 40% of the bonus pool to be paid to Herbert F. Imhoff, Jr.

The Executive Bonus Pool will be equal to a total amount based upon the following contingency formula:

If consolidated pretax earnings before executive bonuses equal or exceed $5,000,000 but are less than $5,500,000, a bonus amount equal to 2% of the Company's pretax earnings before executive bonuses will be accrued and added to the Executive Bonus Pool.

If consolidated pretax earnings before executive bonuses exceed $5,500,000, a bonus amount equal to 4% of the Company's pretax earnings before executive bonuses will be accrued and added to the Executive Bonus Pool.

The contingency terms of this Executive Bonus Pool formula merely establishes the year-end bonus percentage rate and are not cumulative -- one rate (2%) or the other (4%) will determine the total amount of the bonus pool.