



Modernizing Delivery of Local Services: LEAP into the Future*

Norman Walzer and **Andy Blanke**
Senior Research Scholar Research Associate

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Presentation Overview

- Issues and Concerns for Future
 - Illinois Ranks 2nd on Effective Property Taxes
 - Most Rural Counties (53 Of 66) will Likely Lose Population in Next Decade
 - Fastest Growing Population is Elderly
 - Need additional services
 - Likely qualify for tax concessions; spend less in retirement
 - Shrinking School Age Populations due to Declining Birth Rates
 - Smaller Populations Mean Higher *Per Capita* Property Taxes, SALT Limits
- Options For The Future
 - Local Efficiency Assessment Plan (LEAP)

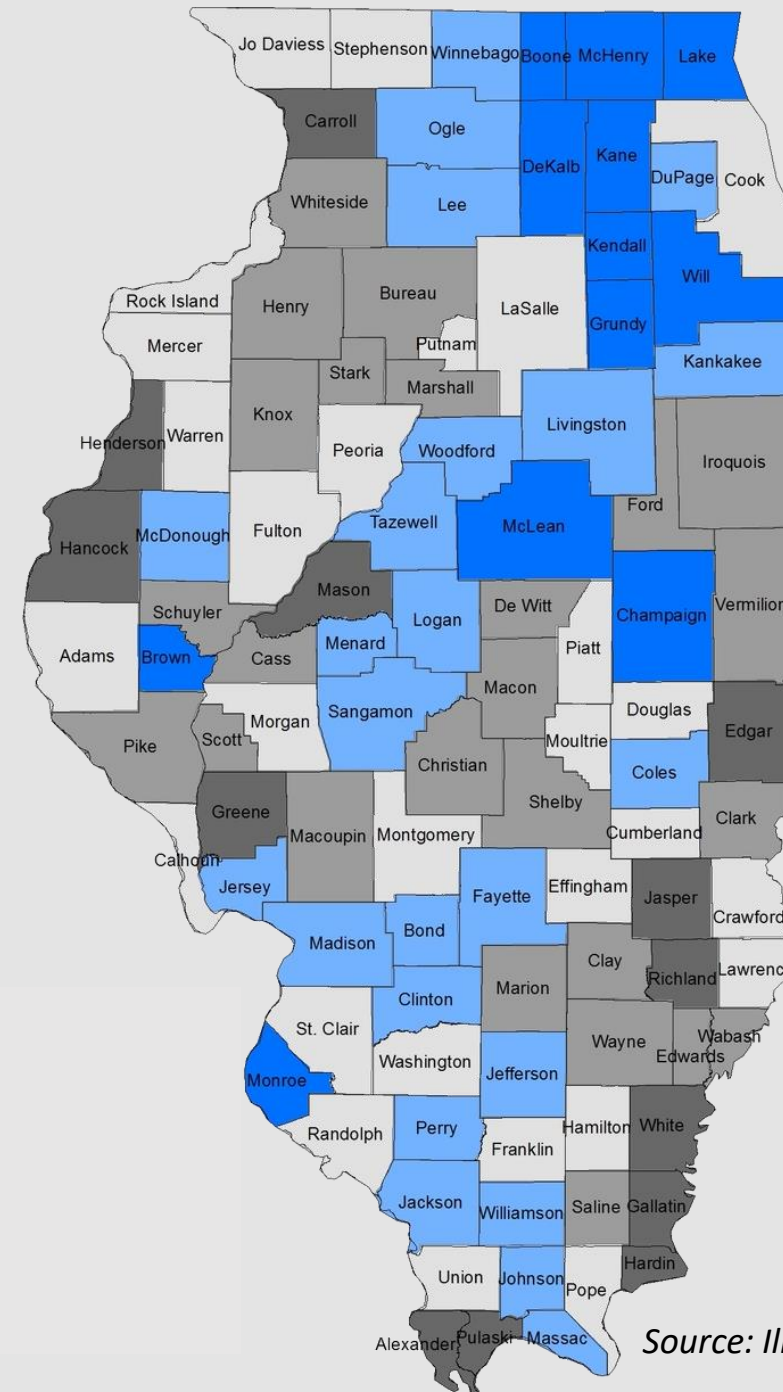
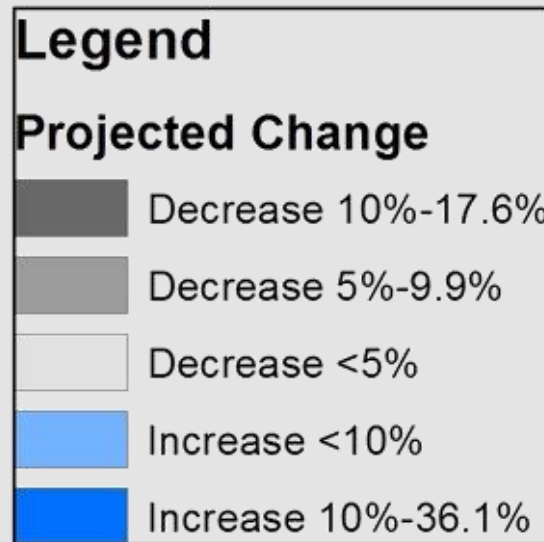


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Projected Population Changes 2015-2025



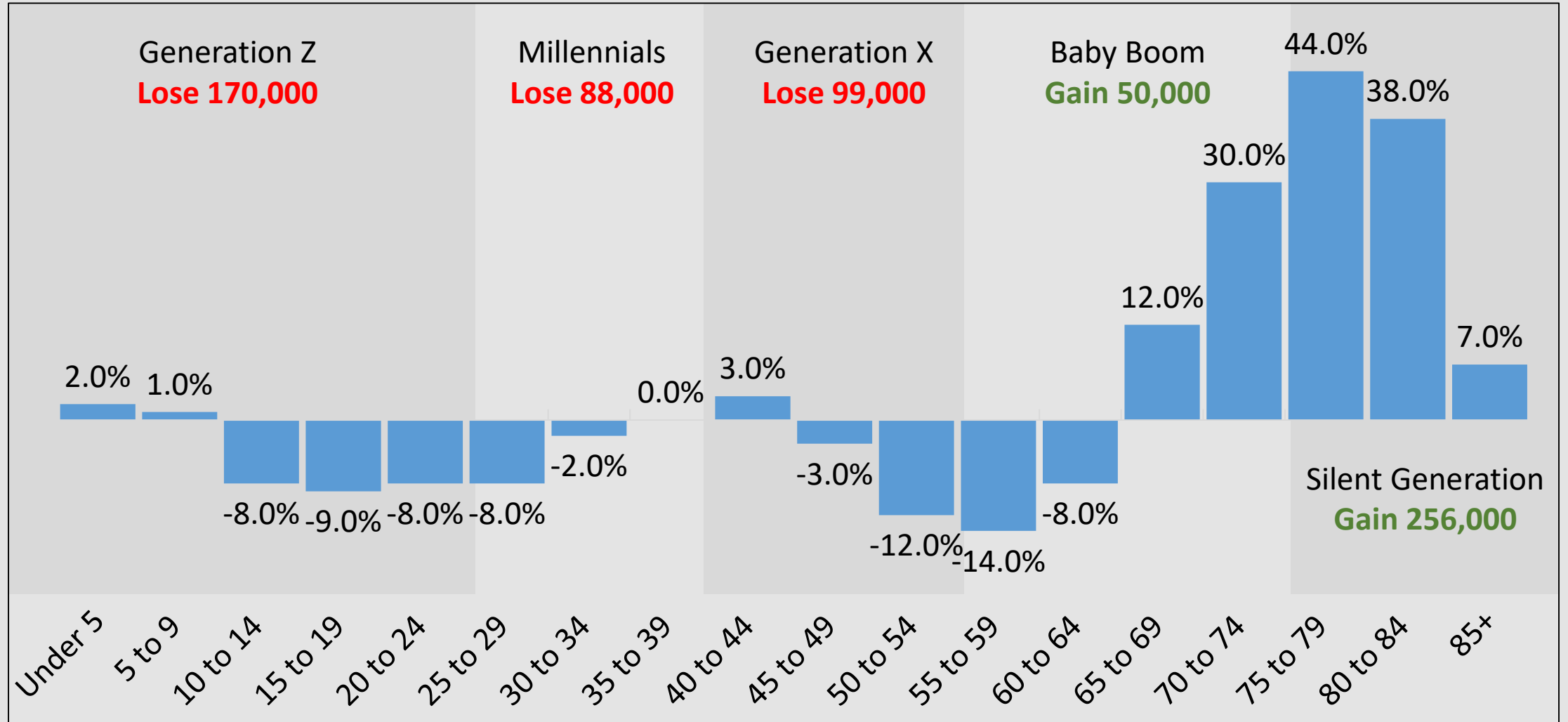
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Source: Illinois Department of Public Health.

Projected Illinois Population Changes, 2018-2028 by Age Cohort



Source: Economic Modeling Specialists, Inc., 2018. Generation definitions from the Pew Research Center.

Rising Costs of Public Services*

2012 to 2016

Estimated Increases in Local Government Operating Expenditures/Capita (**constant dollars**)

Illinois	5.9%
Indiana	4.4%
Wisconsin	0.3%
Iowa	2.6%
Michigan	-2.4%
Texas	2.3%



*Census of Governments, Finances Division, respective year.

Effective Property Taxes

Percent of Median House Value in 2017

Illinois	2.03%*	2nd
Indiana	.87%	28 th
Iowa	1.44%	13 th
Wisconsin	1.77%	4 th
Michigan	1.50%	11 th
Ohio	1.60%	9 th
New Jersey	2.16%	1st

*in 10 years will pay > 20.03% of house value in property taxes

Source: Tax Foundation, *Facts and Figures 2018*.



Contributing Factors

- Large Number of Overlapping Governments
- Unfunded Mandates Increase Costs
- Bond and Debt Limits Spur New Governments
- Relative Ease in Creating Governments
- Less State Support for Local Services e.g., Schools
- Hard to Remove Existing Governments*

*HB 348 signed by Gov. Pritzker allows local referendum in McHenry County to dissolve a township and transfer assets/responsibilities to county government, effective immediately.

Number of Governments by State

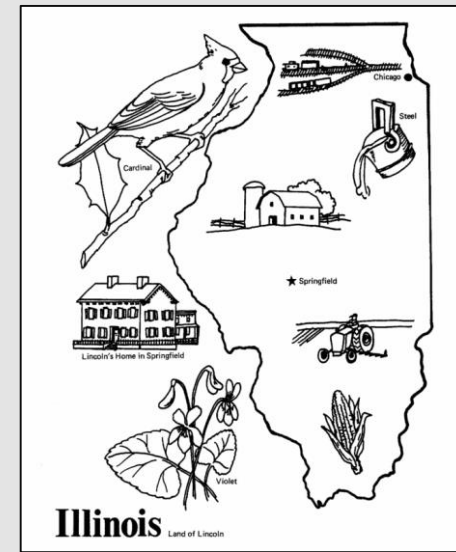
State*	Number of Governments*			Per 10,000 Residents		
	2007	2012	2017	2007	2012	2017
Illinois	6,995	6,964	6,919	5.45	5.41	5.41
Indiana	3,232	2,710	2,639	4.98	4.15	3.96
Iowa	1,955	1,948	1,942	6.42	6.33	6.18
Michigan	2,894	2,876	2,864	2.93	2.91	2.87
Minnesota	3,527	3,673	3,644	6.65	6.83	6.54
Missouri	3,724	3,769	3,769	6.22	6.26	6.17
Ohio	3,703	3,843	3,898	3.21	3.33	3.34
Wisconsin	3,121	3,129	3,097	5.49	5.47	5.35

*Illinois Office of Comptroller estimates nearly 8,500 units of government in Illinois.



Types of Governments in Illinois

Year	2012	2017	Change
Total	6,963	6,919	-44
Counties	102	102	0
Municipalities	1,298	1,297	-1
Townships	1,431	1,429	-2
School Districts	905	886	-19
Special Districts	3,227	3,212	-15



Possible Approaches to Efficiency

- **Short Term:**

Cost-Accounting Analysis of Mergers, Consolidations, or Sharing

- Pre-identify possible cost-savings & conduct cost study
- Merge, consolidate or eliminate specific governments no longer necessary

- **Intermediate:**

Examine Changes in Services Needed and Look for Efficiencies

- Form a Local Efficiency Assessment Planning (LEAP) team
- Examine expected population changes, expenditures, and revenues
- Use internal capacity of current agencies to find more efficiencies
- Create action plan to streamline local delivery arrangements to meet needs for public services

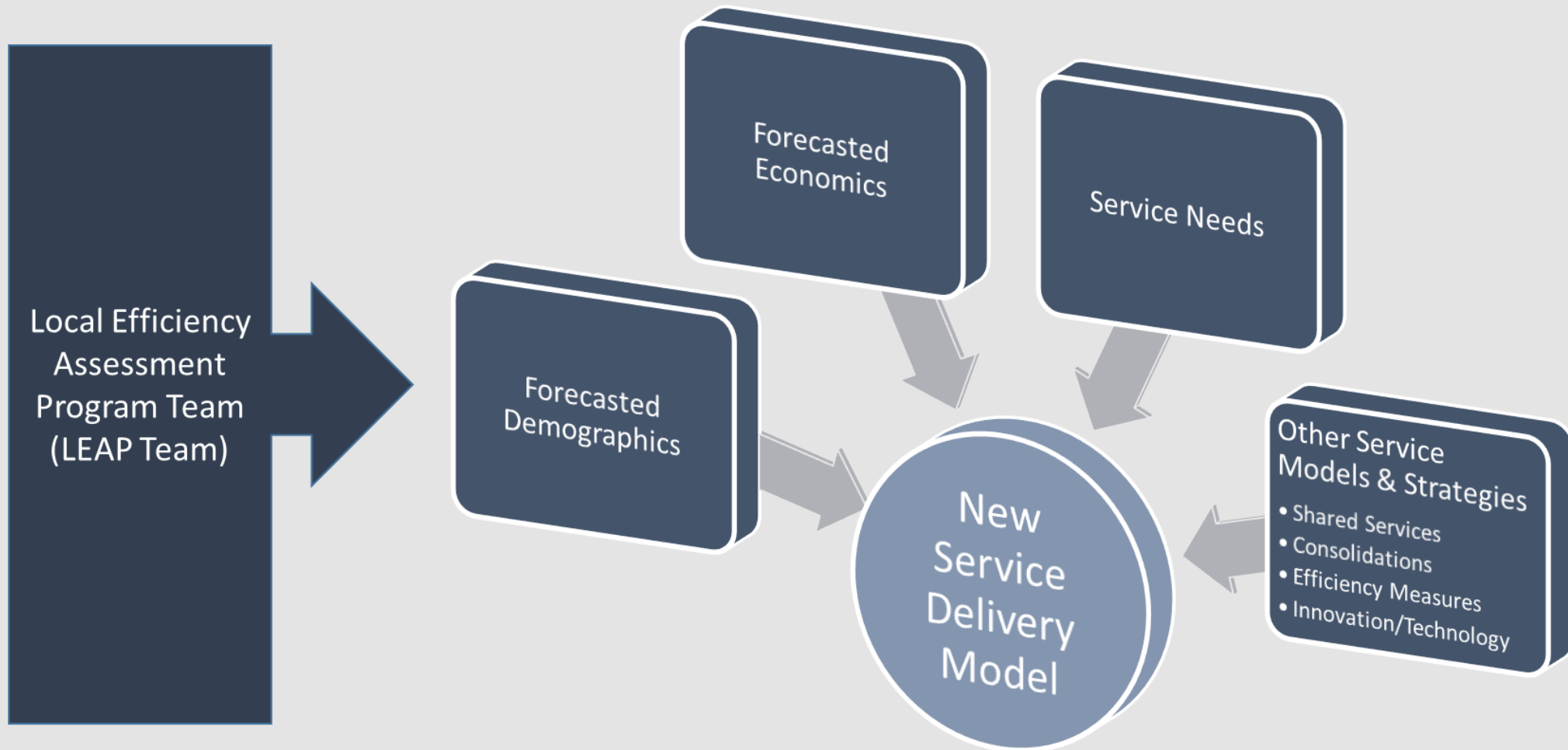


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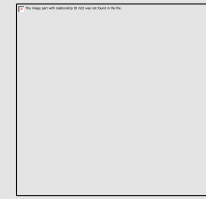
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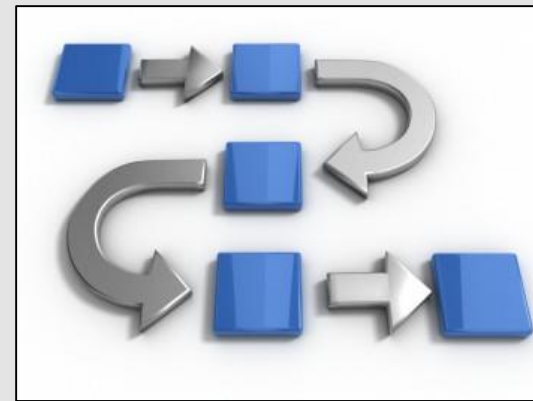
Local Efficiency Assessment Plan (LEAP)



Limitations of Comptroller Data



- Inconsistent availability: not all jurisdictions submit data each year.
- Difficulty comparing regions across time without the same jurisdictions makes comparisons over time less meaningful. Smaller samples are less informative.
- Delayed releases: when data is submitted, it is susceptible to delays, and new units are added to the database after a researcher is working with a previous file.
- Unclear descriptions: the financial databases need a crosswalk to derive descriptions from item codes.
- Double-counting expenditures/expenses: internal service funds and transfers must be manually removed in calculations.
- Do not include school districts and CC, a substantial component of public services.
- Warehouse data do not export cleanly to spreadsheets. The numeric data pasted from the website is stored as text so must be re-entered in calculations.
- Pension obligations are major liabilities for local governments, but information is limited to individual reports from the Illinois Department of Insurance.



The LEAP Process

- Demographic & Economic Forecasts
 - Fewer residents expected in future
 - Declining number of jobs and tax base
 - More elderly population

(Independent sources can provide more data, e.g.. IDPH & IDES)
- Assess Adequacy of Local Resources
 - Economic base
 - Revenue structure and services needed
 - Local management expertise assesses efficiency options
- Current Local Arrangements
 - Examine current operations and partnerships
 - Evaluate the capacity to provide services needed in future with smaller populations



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The LEAP Process (cont.)



- Anticipate Service Needs & Costs
 - Given expected trends in population and employment
 - How will costs change and the implications for property taxes
- Design Local Strategy to Meet Future Goals
 - Share services to realize cost-savings and provide services needed in 2025
- Review Techniques and Verify Authority
 - Periodically evaluate for successes and opportunities for improvement
 - Implement structural changes as feasible and needed
 - Monitor effects on quality of public services



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Local Government Efficiency Assessment Dashboard

- <https://www.cgs.niu.edu/government-efficiency-assessment/index.shtml>
- Information available for countywide summaries (all governments within a county), and individual units such as municipalities and townships.
- Information is introductory and meant to inform discussions with local officials and managers.
- User guide for making selections (including screenshots):
<https://www.dropbox.com/s/3z4rncih84hv3xj/User%20Guide%20for%20Local%20Government%20Efficiency%20Assessment%20Dashboard.pdf?dl=0>



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For More Information, Contact:

Norman Walzer, Ph.D.

Senior Research Scholar
815-753-0933
nwalzer@niu.edu

Andy Blanke, MPA

Research Associate
815-753-1569
ablanke1@niu.edu

Center for Governmental Studies

Northern Illinois University
148 North Third Street
DeKalb, IL 60115
cgs.niu.edu