

PROPERTY TAX RELIEF TASK FORCE
Government Consolidation Subcommittee

Meeting Minutes

September 12th, 2019
12:00 PM (noon)

James R. Thompson Center
100 West Randolph Street
Suite 2-025
Chicago, Illinois 60601

The Property Tax Relief Task Force subcommittee on Government Consolidation met on September 12th, 2019.

MEETING START

Meeting scheduled to start at 12:00pm

AGENDA

I. Welcome/Roll Call

- a. IDOR Staffer Sam Salustro called the meeting to order shortly after noon CDT and Representative Carroll welcomed committee members.
- b. Roll Call was taken. Quorum was met at this time.

Name	Present
Representative Jonathan Carroll	Yes
Representative Michelle Mussman	No
Representative Dan Ugaste	No
Representative David Welter	Yes
Representative Lance Yednock	Yes
Representative Sam Yingling	Yes
Representative Joyce Mason	No
Representative Anne Stava-Murray	Yes
Representative Jennifer Gong-Gershowitz	Yes
Representative Thomas Bennett	No
Senator Laura Ellman	Yes
Senator Julie Morrison	No
Senator Dan McConchie	No
Senator Dale Righter	Yes

II. Government Consolidation Overview Discussion.

- a. Representative Carroll opened the meeting by outlining three areas that he'd like to explore with the Task Force. Carroll started with local government consolidation.

III. Local Government Consolidation.

- a. Carroll and Representative Yingling introduced HB348 and SB90 which dealt with McHenry Township and Lake County Road District mandates that Lake county townships highway districts under 15 miles have to consolidate into township organization by 2021. Carroll noted it was signed into law by Governor last month, can said it used as a pilot. Carroll introduced SB90. Yingling talked about SB90 and how it addresses statewide issue of the overabundance of taxing districts of limited function, specifically drainage districts (Lake County). Yingling pointed out Illinois has more units of government nationally, approximately 7000 to 8,000 units of government, creating increased administrative costs. Yingling suggested consolidating services into existing units of government can be an area for projected savings.
- b. Yingling gave an overview of SB348. He noted it provides an opportunity within the McHenry County for townships voters to dissolve their individual township and consolidate them into the functions of the county. Otherwise counties have "all or nothing" approaches to consolidating townships. Yingling noted that all townships are unique, and the bill tried to address it. Representative Gong-Gershowitz asked if anyone has put together an assessment/review/analysis (township by township) of the overlaps between the municipal and county resources as well as a list of what functions a township provides. Gong-Gershowitz said every township will need a unique approach. Carroll responded by saying that this a preliminary meeting in which the process was just initiated, there are plans to invite the township leaders and other keys players to the next meeting to answer some more specific questions on this issue. Yingling said he thought that this subcommittee should be analyzing the existing statues to remove barriers for people who may want to consolidate units of government if they wish. He noted some sometimes when consolidation attempts are made, a governmental body uses taxpayer funded resources to sue and block voter initiative from showing up on the ballot, and he believed the subcommittee should look into it.

IV. Discussion of School District Consolidation

- a. Welter asked if there are any bills out there, or proposed in past sessions, that have to do with school consolidation . Yingling noted there are an abundance of school consolidation bills that have been introduced over time because of financial sense to do so but there has been a lack of political will power to do it. Rep. Yingling thought existing and state statue states that if a grade school district merges with a high school district, the higher salary structure goes into effect. Welter asked what happened to the bonding of the districts in terms of debt? Yingling said he thought the bonding debt service remains the obligation of the consolidating district until that debt is paid back. Yingling noted he just saw an Illinois School Board of Education [ISBE] briefing that showed elementary and high school districts can levy 3 ½ % as an education tax rate, while unit school only levies 4%. Thus, he noted, cost efficiencies

within unit school districts were better than having elementary and high school districts. Gong-Gershowitz asked what percentage of an education budget is allotted to administrative cost. Yingling said he asked ISBE for breakdown of administrative costs per districts and would pass on that information. Senator Ellman said she examined data on administrative costs both pre- and post- school district consolidation and the results are not clear cut - of ten recent consolidations, only in three cases did the administrative costs per pupil decrease and in seven cases the costs increased. Carroll and Gong-Gershowitz noted that consolidation did not always lead to an elimination of positions, since administration was still needed for the broader population. Yingling said he wanted to explore the idea of changing the rates each school district (elementary v. unit) could charge. He continued by noting property system incentives maxing out tax levies every year regardless if funds are needed, because there is no ability to recapture unraised levies. Representative Stava-Murray added that she was recently looking at the process by school districts can consolidate, the rate at which consolidation has happened twenty years, and she noted the state had a fund that aids school districts in consolidating. She said that the amount of the fund had been reducing around 2015, and that the number of consolidations decreased after this change in funding was made. Representative Yednock commented that he has a couple of superintendents in his district that have gone through consolidation process and they were interested in giving testimony about their experiences to his subcommittee. Carroll responded by saying that next week he was interested in bringing in representatives of local government consolidation and in two weeks we could invite school district members to testify. Stava-Murray commented that when it comes to school district composition there is crossover with Mary Flower's subcommittee on social and economic disparities, and whether consolidation would also help efforts aid integration.

V. Discussion of Workforce and Government Redundancies

- a. Carroll began discussion on workforce and government redundancies and possible workforce reduction. Yingling, Gong-Gershowitz, and Carroll all noted they were unsure what existing statues that govern local workforce consolidation, particularly through attrition, but thought they should look into it since the idea of the Task Force was to bring all ideas forward. Yednock noted that eliminating positions just meant another body would assume services and eventually that could mean the state would take on more responsibilities and may not lead to a smaller workforce.

VI. New Business:

- a. Yingling and IDOR staffer Salustro discussed how the comptroller would have data on how much cash reserves local government bodies had. Yingling suggested that the tax code incentivizes taxing bodies to max out their tax levies every year and that lead to taxing bodies sat on large reserves and suggested the Task Force look into a legislative view of the situation. Yingling noted that during the 90's in Lake County, during a development boom, many bodies came into conflict with state law over having too large of a surplus, and many spent money on services rather than cut taxes. Yingling offered a personal story that former township supervisor he inherited five years' worth of operational reserves. He wanted to bring someone from McHenry

County that actually dispense reserve money to property tax payers for a taxing district with too many reserves. Yingling finally noted property tax districts were more sheltered from economic downturns than over taxing districts that had a more diversified revenue sources. Carroll noted that one school district said they did not ever want to go to the voters with a referendum.

VII. Public Comment

- a. No Public Comment.

VIII. Scheduling

- a. Representative Carroll announced the next meeting would be next Thursday September 19, 2019 with township organizations and other key people to testify about the pros and cons of local government consolidation.

IX. Adjournment