



# Local Efficiency Assessment Program: LEAP into the Future\*

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\*The Governor's Rural Affairs Council funded the LEAP guidebook and database development.



# Presentation Overview

- Major Issues Involved
  - Most Rural Counties (53 Of 66) will Likely Lose Population in Next Decade
  - Projected Growth in Elderly will Change Services Needed
  - Smaller School Age Population
  - Population Declines bring Unnecessarily Complex Government Structure
  - Shrinking Populations Mean Higher *Per Capita* Property Taxes, SALT Limits
- Local Efficiency Assessment Plan (LEAP)
- Options For The Future

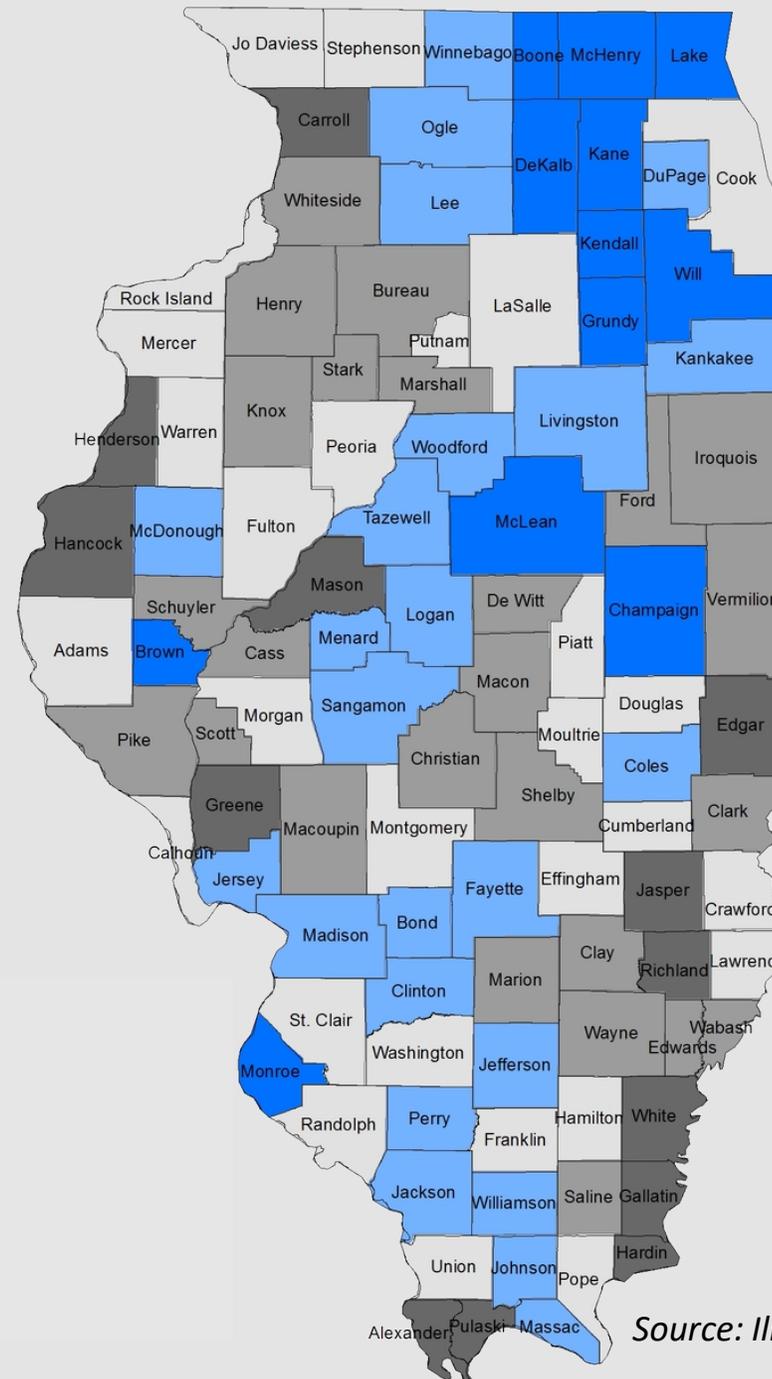
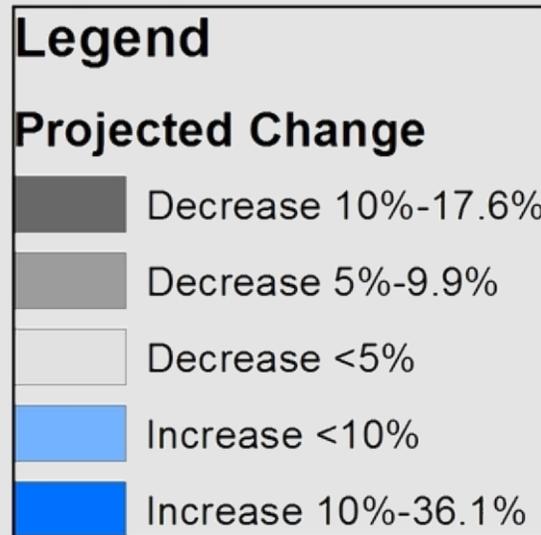


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# Projected Population Changes 2015-2025



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*Source: Illinois Department of Public Health.*

# Regardless of Government Structure:

*What are your overall LOCAL objectives?*

- Provide the Highest Quality of AFFORDABLE Service
- Serve Residents with Variety of Service Levels at Various Locations
- Deliver Services at Least Cost, Especially Property Taxes
- Fewest Numbers of Governments to Provide High Quality Services
- Minimize Property Taxes, But Not Reduce Quality of Service
- Just Keep the Status Quo, Regardless of Costs or Taxes
- Other.....



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# Rising Costs of Public Services\*

2012 to 2016

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

Illinois	<b>5.9%</b>
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\*

## Residential Property

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

\* percent of median house value in calendar year 2017.

\*\* means in 10 years will pay > 20% of house value in property taxes



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

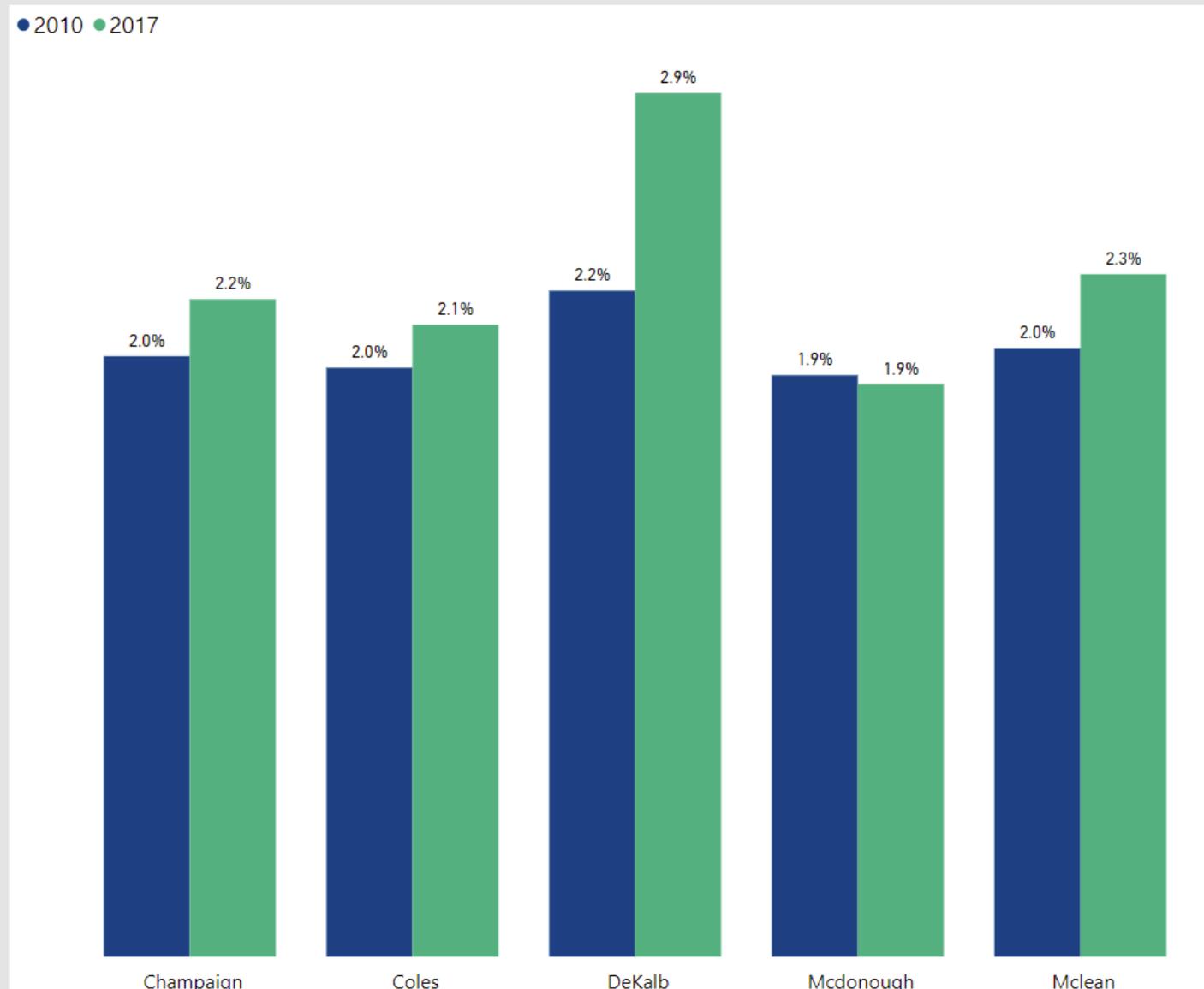


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# Median Residential Property Taxes Paid as % of Home Value, 2010 vs 2017



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Source: U.S. Census Bureau, 2010 Decennial Census & 2017 American Community Survey.

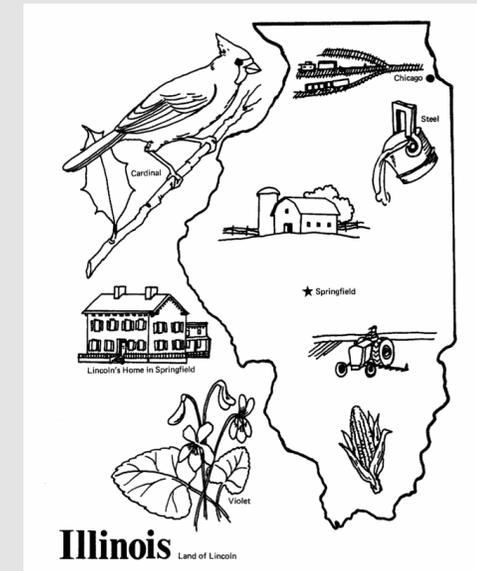
# Contributing Factors

- Large Number of Overlapping Governments
- Unfunded Mandates that Increase Costs
- Bond and Debt Limits
- 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 referendum in McHenry County to dissolve townships and transfer assets/responsibilities to county government effective immediately.

# Total No. of Governments by State

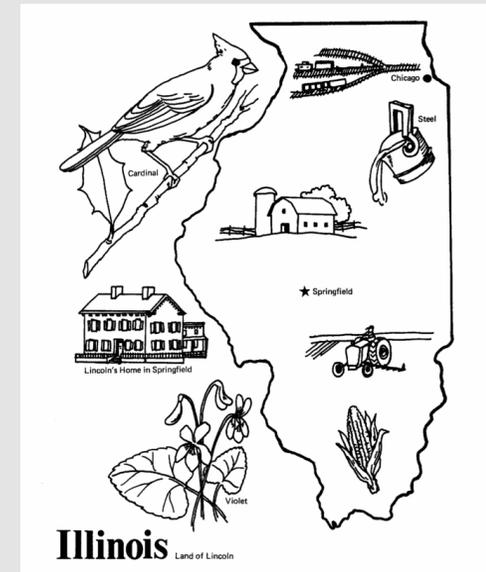
State*	No. of Gov'ts.*			Per 10,000 Residents.		
	2007	2012	2017	2007	2012	2017
Illinois	6,995	6,964	6,919	5.45	5.41	5.41
Indiana	3,232	2,710	2,639	4.98	4.15	3.96
Iowa	1,955	1,948	1,942	6.42	6.33	6.18
Michigan	2,894	2,876	2,864	2.93	2.91	2.87
Minnesota	3,527	3,673	3,644	6.65	6.83	6.54
Missouri	3,724	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



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

# Changes in Number of Governments

Year	2012	2017
Total	6,963	6,919
Counties	102	102
Municipalities	1,298	1,297
Townships	1,431	1,429
School Districts	905	886
Special Districts	3,227	3,212





# Possible Approaches

- **Short Term:**

Cost-Accounting Analysis of Mergers, Consolidations, or Sharing

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

- **Long-Term:**

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

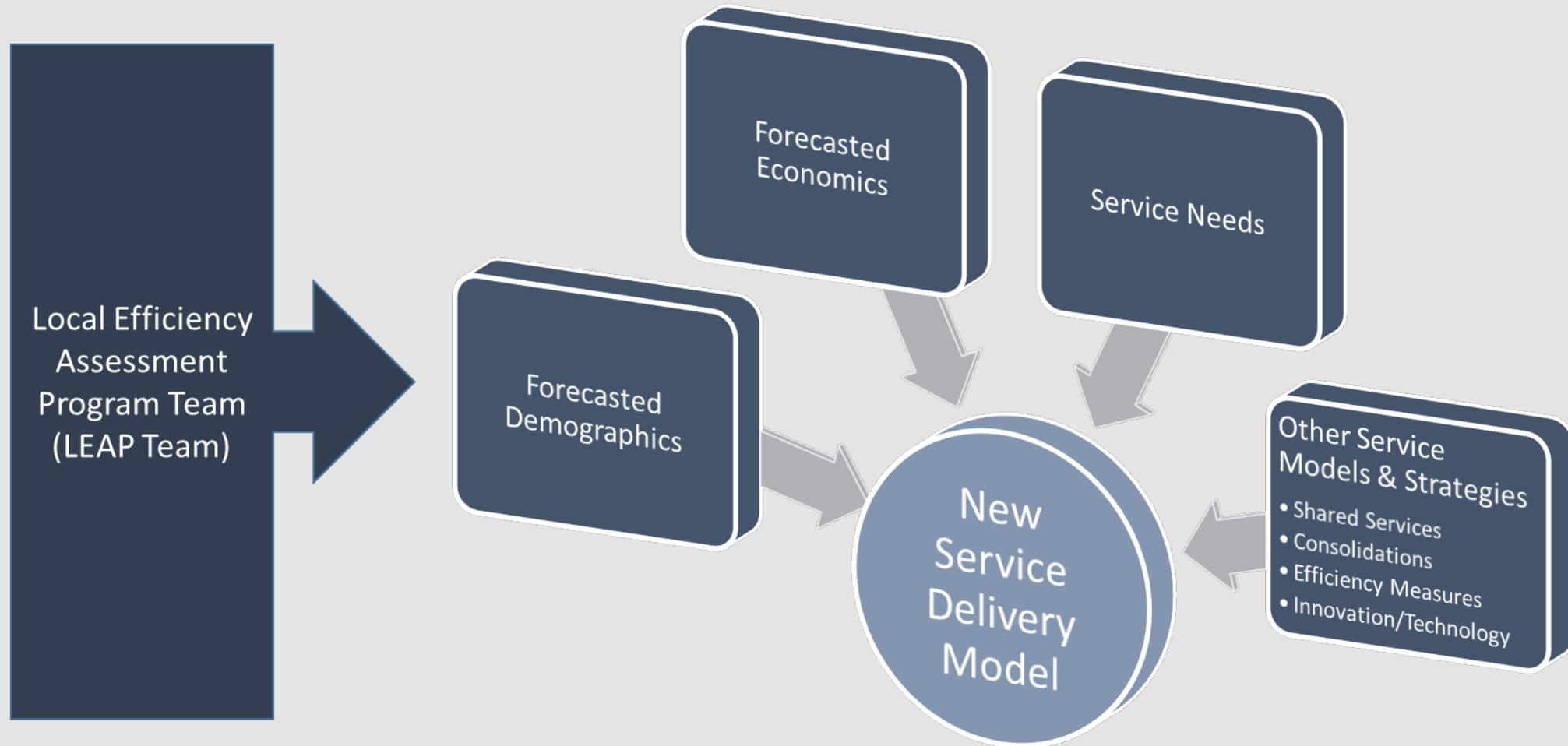


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# Local Efficiency Assessment Plan (LEAP)



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Source: *Guidebook for Modernizing Local Government Structure*, CRAC and CGS, Forthcoming.

# Local Efficiency Assessment Plan Dashboard

<https://cgs.niu.edu/government-efficiency-assessment/index.shtml>

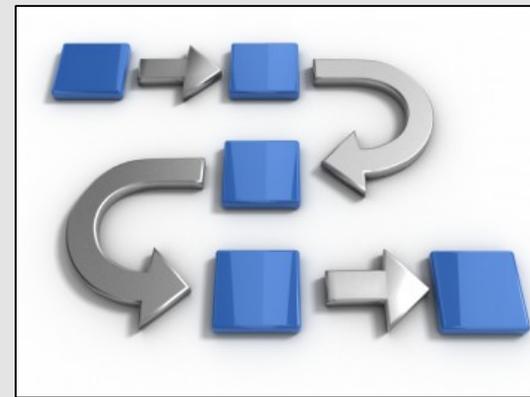
There is no charge to access the dashboard and materials are updated or expanded as resources permit. Data are drawn from several sources so how current the information is depends on agencies providing the information. We ask that the LEAP dashboard be cited when data are used. For more information, contact the authors listed on the final slide.



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# The LEAP Process

- Demographic & Economic Forecasts
  - Fewer residents in future are likely
  - Declining number of jobs
  - 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 to assess 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 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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# Modernizing Public Service Delivery System

## ***Guidebook***

- Issues affecting IL & rural areas
- Efforts underway in other states
- Organized planning process
- Statutes governing local structure
- Identify ways to share services

## ***LEAP Dashboard***

- Examine population projections
- Project revenue and spending levels
- Compare local governments or pension funds
- Identify spending patterns
- Compare debt levels & pension funding
- Identify funds nearing property tax limits



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# Countywide Spending and Property Tax Projections

*Projections are based on user specifications.*

Select a county. 

- 
- Hardin
  - Henderson
  - Henry
  - Iroquois
  - Jackson
  - Jasper
  - Jefferson
  - Jersey
  - Jo Daviess
  - Johnson
  - Kane
  - Kankakee
  - Kendall
  - Knox
  - Lake
  - LaSalle
  - Lawrence
  - Lee

Annual % Cost Change (+ or -)

3.0%



Annual % Property Tax Change (+ / -)

3.0%



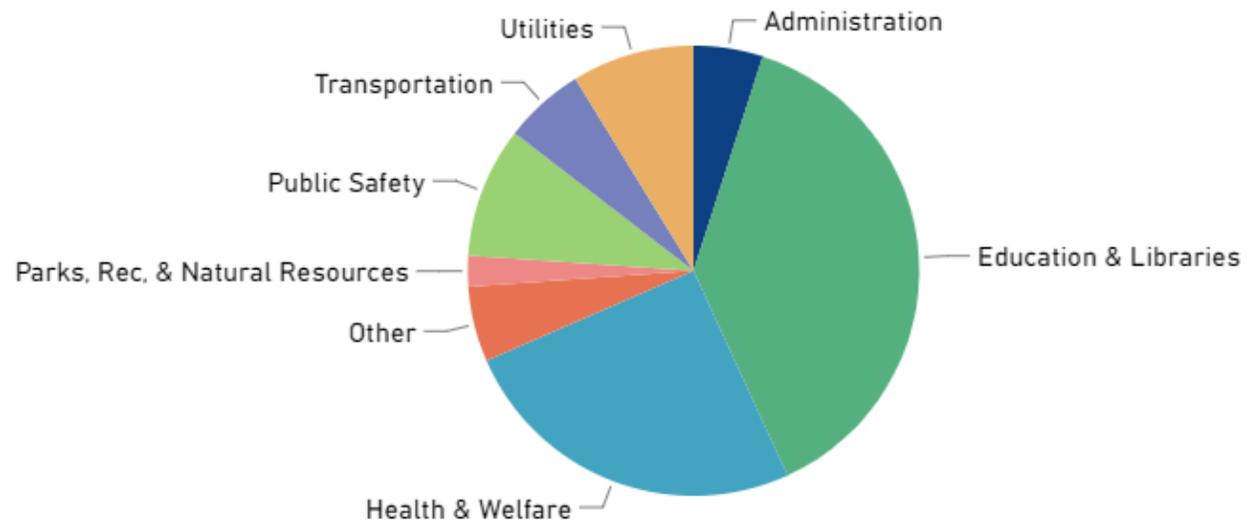
**\$4,251**  
2012 Total Countywide Expenditures Per Resident

**\$6,243**  
2025 Countywide Spending Resident

**\$1,456**  
2016 Total Property Tax Extensions Per Resident

**\$1,900**  
2025 Property Tax Extensions Per Resident

2012 Share of Countywide Spending by Function



Source: U.S. Census Bureau, 2012 Census of Government Finances

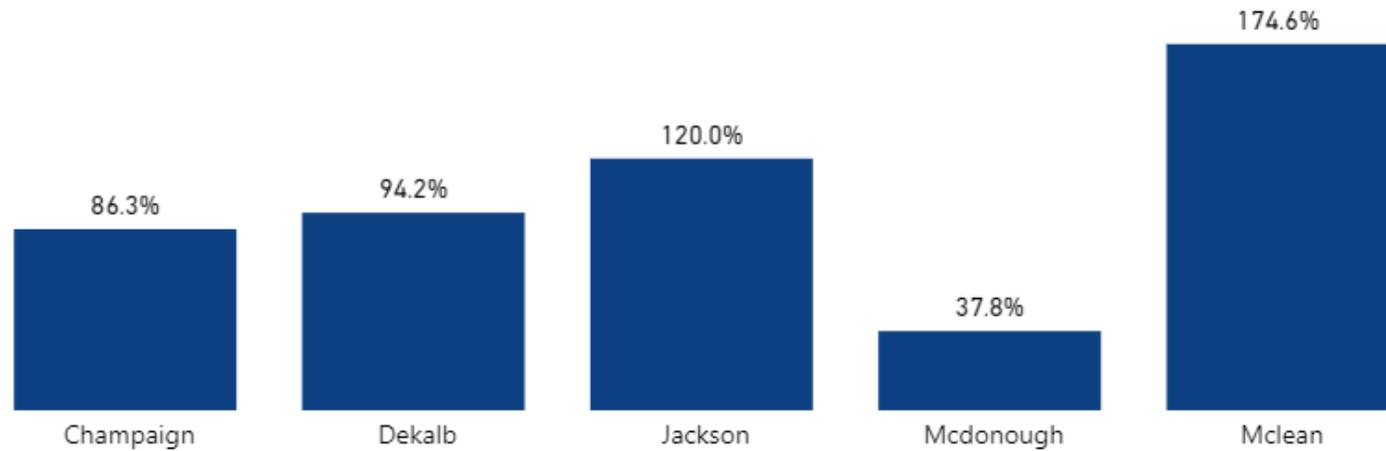
Related subjects:

[Local Gov't Forecasts](#)

[Population Projections](#)

[Revenue Structure](#)

### 2016 Long-Term Debt as % of Revenue



### 2016 Long-Term Debt Per Resident by County



Source: Illinois Office of the Comptroller, FY2016 Financial Database.

Related subjects:

Individual Gov't Debt

Police Pensions

Fire Pensions

Select counties. (Recommended max. 5 for readability)

🔍 Jackson

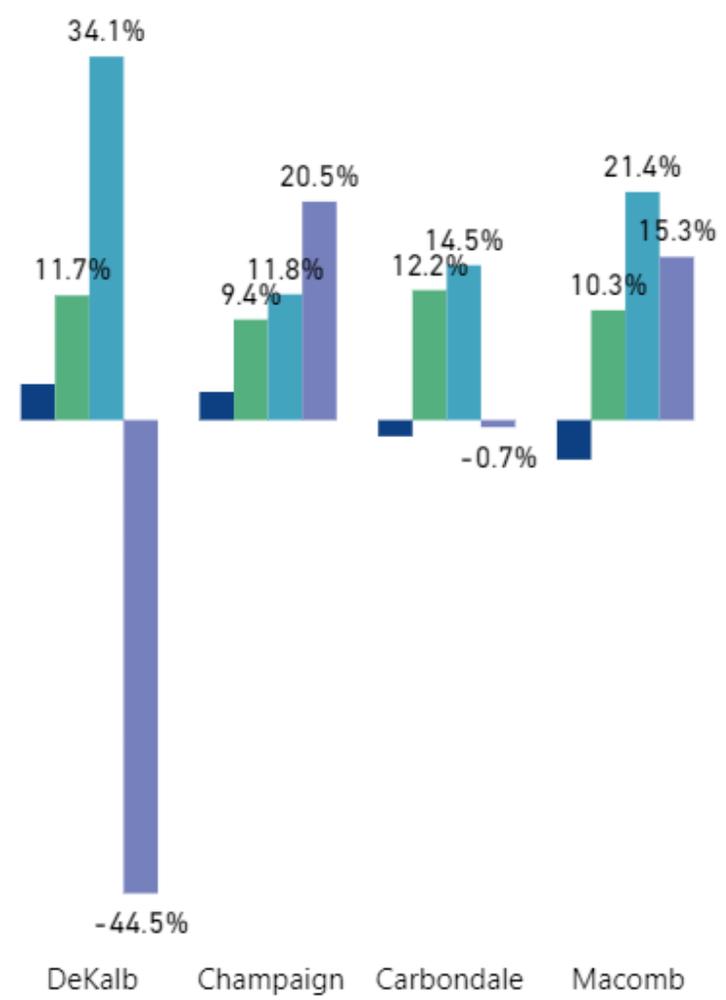
Jackson

Select pension funds. (Recommended max. 5 for readability).

- 10-49 Participants
- Charleston

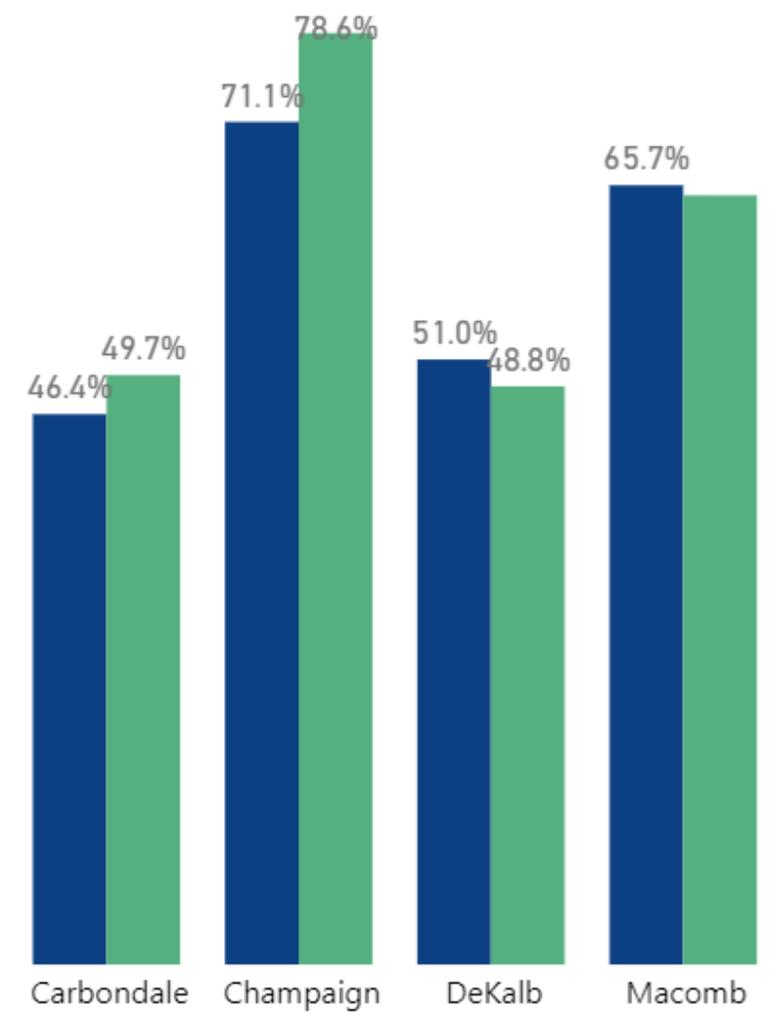
### Trends in Police Pensioners and Participants, 2012-2016

● % Change in active ... 
 ● % change in aver... 
 ● % change in pe... 
 ● % change in a...



### Actuarial Police Pension Funding %, 2012 & 2016

● 2012 
 ● 2016



Source: Illinois Department of Insurance, 2017 Annual Pension Reports.

Related subjects:

- [Local Spending](#)
- [Local Personnel Costs](#)
- [Fire Pensions](#)



# Sample Worksheet:

## Services w/Potential for Collaboration

Activity or function	Performed or contracted by local govt	Shares service with another govt	Not applicable to govt	Cost to perform (if applicable)	Knowledge/ Skills/ Training Required
<b>Human Resource Management</b>					
Task A. _____					
Task B. _____					
Task C. _____					
<b>Manage contracts</b>					
Task A. _____					
Task B. _____					
Task C. _____					



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# Intended Outcomes of Guidebook

- Action Plan for High Quality Public Services in 2025
- Adjustments in Revenue Structure, as Needed
- Evaluate Current Public Service Delivery Approach
- Residents, Public Officials Engaged in Planning Processes
- Consensus Among Local Participants for Changes, as Needed
- Redesigned Service Delivery System Suited for 2025?

# For More Information, Contact

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# Possible Local Actions to Take

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