

DECENNIAL COMMITTEE REPORT – REED TOWNSHIP

I. Unit of government submitting this report:

NAME OF TOWNSHIP: REED TOWNSHIP

Note: Any local government that levies a tax, other than a municipality and county must file this report. In road districts in counties with populations of less than 400,000 the highway commissioner may form a joint committee to prepare one combined report. See 50 ILCS 70/10(b-5). TOI has a separate recommended report form for a consolidated report, so do not use this form for a combined report of a township and road district. TOI also has a separate recommended report form for road districts and multi-township assessment districts.

II. Information about our Township

A. We are located in WILL County. There are 24 townships in our county.

B. The population of our Township is 6,888, as of the 2022 census.

C. We have 2 employees of the Township and 2 employees for the Assessor (not including elected officials).

D. Our annual budget for 2023 is: \$517,700.00 for the Town Fund and \$191,100 for the General Assistance Fund.

E. Our Township’s equalized assessed valuation for 2023 is \$670,174,810.

III. Information about Our Committee

A. Committee Members:

Township Supervisor Sherrill Knorr

Township Trustee Adam Beaty

Township Trustee Steve Bolatto

Township Trustee Ken Corbin

Township Trustee Scott Favero

Township Trustee Pamula Tessler

Township Resident Thomas Nahas

Township Resident Debra Lavicka

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Will County Board

Note: Per 50 ILCS 70/10(b), the committee membership must include all the elected or appointed members of the township board (Supervisor and Trustees) and two residents appointed by the

Supervisor. The residents can be the Assessor, Highway Commissioner, Clerk or Collector, if you have one, or other residents of the Township, but these officials are not required to be on this Committee. The Supervisor may appoint more than two residents if deemed appropriate.

B. Dates that our Committee Met (50 ILCS 70/20)

First (Organizational) Meeting
(must occur prior to June 10, 2023): June 7, 2023

Second Meeting: November 29, 2023

Third Meeting: March 27, 2024

IV. Programs Offered by our Township

A. Our Township offers the following services and programs:

- General Assistance
- Emergency Assistance
- Assessor Services
- Senior Meetings
- General Information
- Building for use by residents and local events planners

V. Social Service Agreements

A. We partner with the following not for profits to offer social services:

<u>Entity:</u>	<u>Services Provided:</u>
1. Braidwood Senior Citizens	Monthly meeting facility
2. Will County Health Department	Covid Vaccination site for children

B. Our residents have benefitted from these agreements in the following ways:

1. The seniors in the area have a place they can go once a month to interact with others, enjoy lunch, and have a fun time playing Bingo.

2. Parents were able to go to a local area to have their children receive these vaccinations

C. We have considered possibly offering the following social services or the following additional potential partnerships:

1. DMV

VI. Review of Laws, Township Policies, Township Rules and Procedures, Township Training Materials, and other Documents

We have reviewed the following, non-exhaustive list of laws, policies, training materials, and other documents applicable to the Township in order to evaluate our compliance and to determine if any of the foregoing should be amended.

- State laws applicable to Townships, including, but not limited to the Township Code (60 ILCS 1/ *et seq.*)
- Illinois Open Meetings Act (5 ILCS 120/1 *et seq.*)
- Policy on public comment
- Designation of OMA officer (5 ILCS 120/1.05(a))
- All of Elected Officials have completed OMA Training (5 ILCS 120/1.05(b))
- Schedule of All Township Regular Meetings for Calendar or Fiscal Year (5 ILCS 120/2.03)
- Illinois Freedom of Information Act (5 ILCS 140/1 *et seq.*)
- Designation of FOIA officer (5 ILCS 140/3.5(a))
- FOIA Officer Training (5 ILCS 140/3.5(b))
- Computation and Retention of FOIA Requests (5 ILCS 140/3.5(a))
- Posting Other Required FOIA Information (5 ILCS 140/4(a); 5 ILCS 140/4(b))
- List of Types or Categories of FOIA Records under Township's Control (5 ILCS 140/5)
- Periodic Meetings to Review Closed Meeting Minutes (5 ILCS 120/2.06(d))
- Designation of Whistleblower Auditing Official (50 ILCS 105/4.1 *et seq.*)
- All of our Elected Officials have filed statement of economic interests (5 ILCS 420/4A-101; 5 ILCS 420/4A-101.5 *et seq.*)

- Sexual harassment prevention training (775 ILCS 5/2-109(C))
- Our Intergovernmental Agreements
- Our Social Service Agreements or Contracts
- Our budget and financial documents
- State Ethics Laws, including, but not limited to the State Officials and Employees Ethics Act (5 ILCS 430/1-1 *et seq.*)
- Our budget and financial documents
- Reports on government efficiency, including “Local Government Efficiency and Size in Illinois: Counting Tax Revenues, Not Governments” by Wendell Cox (2016); “Local Democracy and Townships in the Chicagoland Area,” by Wendell Cox, (January 2012).

VII. What Have We Done Well?

Reed Township does most everything very well. With Township government being the closest to the people, we assist our residents with help on their utilities, rent, and mortgage, through our General Assistance Program and our Emergency Assistance Program. We offer advise on where else they may go for further assistance. We have a small hall that Seniors in our area use for their monthly meeting. Here they gather for exciting games of Bingo, a bit of socialization and a delicious lunch. This may be the only interaction some Seniors ever get. Reed Township has participated in the Annual National Night Out, where we try to educate our residents on services that we offer and a bit of a history lesson on Reed Township. We also participate in the Annual Summerfest Parade and the Lighted Holiday Parade. We have offered our hall to the Will County Health Department as a remote location for Covid-19 vaccinations for youth. Our hall is available to local residents for use, at a nominal fee, for birthday parties, anniversary parties, baby and bridal showers. We have even had a few weddings here! We strive to stay aware of statues changes and to comply with all mandated legislation. Reed Township provides timely responses to all FOIA request’s and follow all the FIOA guidelines. Reed Township continually strives to educate ourself, through webinars, and attending the yearly Township Officials of Illinois Conference. This also helps us to stay on top of current issues and laws.

VIII. What Inefficiencies Did We Identify/What Are our Next Steps?

It came to our attention, when our Clerk could not make a meeting due to health issues, that we needed a Duputy Clerk. We had a person working in our office who was familiar with the policies and practices of Townships so we asked her and she agreed! This is a plus to our township as she is able to help out not only with her duties but help out at our meetings.

IX. What Can We Do Better or More Efficiently?

Improvement of communications with our residents. We now have a website where we post meeting, agendas, minutes and financials.

X. Studies on Governmental Efficiencies

In preparing this report, we reviewed several studies on local government efficiency. These studies show that:

- The average local government in Illinois serves 1800 residents compare to the national median of 2850 individuals
- Most townships in Illinois have no bonded indebtedness. Together with road districts they are an integral element of local democracy. Township expenditures have grown at a lower rate than those of any other level of government since 1992.
- Townships have lower labor costs and employ mostly part time employees.

Note: This Report must be filed with your County no later than 18 months after your first committee meeting.

Submitted by: Sherrill Knorr
Chairman, Decennial Efficiency Committee of Reed Township

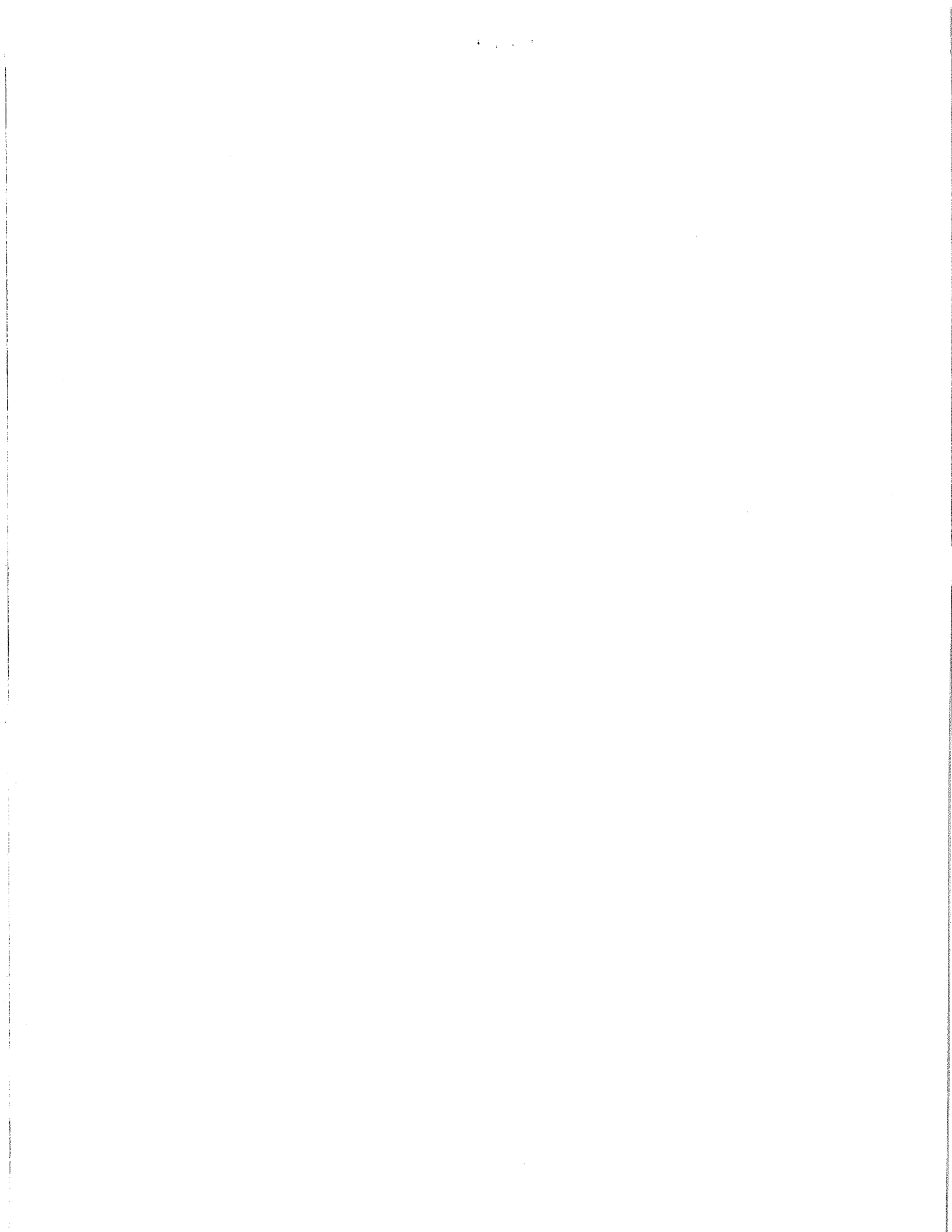
**Local
Government
in Illinois:
A Comparison
of Township
Government**



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1907

OF ILLINOIS



Local Government in Illinois Closer to the People

Prepared for the
Township Officials of Illinois
By Wendell Cox

February 2024

DEMOGRAPHIA

<i>Table of Contents</i>	
<i>Executive Summary</i>	<i>1</i>
<i>1: Background</i>	<i>3</i>
<i>2: Township Fiscal Performance</i>	<i>5</i>
<i>3: Municipal Fiscal Performance by Population</i>	<i>9</i>
<i>4: Illinois Compared to Other States</i>	<i>19</i>
<i>5: Academic Research</i>	<i>20</i>
<i>6: Underlying Factors</i>	<i>23</i>
<i>7: Government Closer to the People</i>	<i>25</i>

Cover Photograph
Illinois Capitol Rotunda. Springfield

Credit:

<https://commons.wikimedia.org/w/index.php?curid=10113961>

Text added to original photograph

LOCAL GOVERNMENT IN ILLINOIS: A COMPARISON OF TOWNSHIP GOVERNMENT

EXECUTIVE SUMMARY

1: Background

Illinois faces significant challenges in raising public revenue, with taxpayer concerns about high taxation levels. A proposed constitutional amendment for a graduated income tax by the Illinois General Assembly was rejected by voters in 2020. The level of taxation in Illinois has also been linked to net domestic outmigration, ranking behind only California and New York. Since the 2020 census, a net 364,000 residents have moved to other states and the District of Columbia.

Illinois has the most units of local governments in the United States, totaling 6,930, a factor that some interests have embraced as being responsible for the state's comparatively high tax rates. This has led to initiatives to abolish some local governments, consolidating their responsibilities into others. The targets of these campaigns are the state's townships, with proponents claiming that abolishment and consolidation with other governments would reduce the tax burden. This view is referred to as the "bigger is better" presumption.

The Township Officials of Illinois (TOI) has commissioned reports by *Demographia* to examine township financial performance, both statewide and in the Chicagoland area. This report updates the findings of the previous reports issued by TOI.

Most of the data analyzed for this report is from the Illinois State Comptroller's office for 2021.

2: Township Fiscal Performance

Each of the public services of Illinois townships and municipalities are provided exclusively to residents within non-overlapping geographic areas, avoiding duplication of the same services. Because of their materially differing mix of public services, direct fiscal per capita comparisons between townships and municipalities are not valid.

Township property tax revenues have increased at a slower rate than other local governments. From 2016 (the previous *Demographia* report) to 2021, township property tax revenues increased by 12.9 percent, compared to a 33.0 percent increase in municipalities and an 18.1 percent increase in special districts. Townships generally incur lower labor costs per employee than other types of local governments in Illinois. The salaries per employee in townships are the lowest among Illinois government types, partly due to greater use of part-time labor. This approach leads to savings in wages, salaries, and employer-paid benefit costs, ultimately resulting in lower tax rates for taxpayers, all else being equal.

3: Municipal Fiscal Performance by Population

This analysis indicates a strong relationship between the size (population) of municipalities and their fiscal performance in 2021 (as was also the case in the 2016 report). Larger municipalities have higher taxes, higher spending, and higher borrowing per capita. This contradicts the "bigger is better" presumption. That being the case, abolition of townships and consolidation of their services into municipalities is unlikely to improve cost effectiveness.

Efficiency in government spending depends on securing goods and services at the lowest possible cost, including labor. Smaller municipalities were found to rely more heavily on cost-effective part-time labor and paid substantially lower salaries compared to their larger counterparts. Contrary to the "bigger is better" presumption, smaller municipal governments account for a smaller percentage of statewide municipal taxes than their population share.

4: Illinois Compared to Other States

Illinois ranks 13th proportionately among the states in the number of local governments per million population. Taxation levels are not driven by the size of local governments. This is exemplified by Hawaii, that has the fewest local governments per million population, yet has higher taxation per capita.. Similarly, Maryland has the second fewest number of local governments per million population; yet has taxation per capita nearly equal to that of Illinois. There is virtually no correlation between the number of governments per million and taxation per capita among the states.

5: Academic Research

While theoretical studies often predict cost savings through abolishment and consolidation with other governments, the literature on this topic often shows rising costs, and significant savings are virtually never reported.

Studies in Illinois and other states, as well as Pennsylvania, New York, and Ohio, have shown that smaller governments tend to maintain lower taxation, spending, and debt levels per capita than larger ones. This undermines the "bigger is better" presumption.

6: Underlying Factors

Factors that hinder cost reductions in abolishment and consolidations include the alignment of labor costs and service levels to those of the most expensive consolidating government and diminished political access for residents in the resulting larger jurisdictions. Larger governments often face stronger political pressures and may have higher costs.

7: Government Closer to the People

Larger municipal governments tend to tax, spend, and borrow more per capita. Research indicates that township governments have slower rising costs and less expensive labor structures compared to other types of governments.

LOCAL GOVERNMENT IN ILLINOIS: CLOSER TO THE PEOPLE

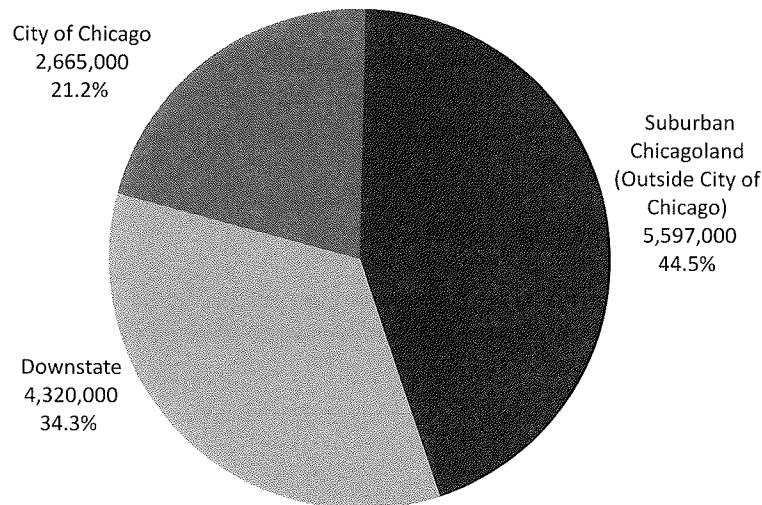
1: BACKGROUND

Governments face serious challenges in raising revenues to fund their operations and infrastructure. The public concern in Illinois about the level of taxation was perhaps most effectively indicated in the electoral failure of a proposed constitutional amendment that would have imposed a graduated income tax in 2020. Further, some sources indicate that the state’s recent population loss and third ranking net domestic outmigration (movement to other states) have been influenced by Illinois tax policies.¹

Between the 2020 census (April 1) and the 2023 US Census Bureau population estimates (July 1), a net 364,000 Illinoisans moved to other states. Only California and New York suffered larger losses in net domestic migration.²

As of 2022, the population of Illinois, per the US Census Bureau, was 12.8 million.³ The Chicagoland area had 65.7 percent of the population with 8.3 million residents. More than two-thirds of the Chicagoland population is in the suburbs (5.6 million), while the city of Chicago has slightly less than one-third, at 2.7 million. Downstate has 34.3 percent of the state population, at 4.3 million (Figure 1). Downstate’s population now exceeds that of the city of Chicago by more than 60 percent.

Chicago, Chicagoland Suburbs & Downstate POPULATION & SHARE OF ILLINOIS: 2022



Source: US Census Bureau

Figure 1

¹ Tax Foundation (November 7, 2023, “How do taxes affect interstate migration,” <https://taxfoundation.org/data/all/state/taxes-affect-state-migration-trends-2023/#:~:text=More%20Americans%20Moved%20to%20States,tax%20competitiveness%20and%20net%20migrati on.>

² US Census Bureau 2023 population estimates.

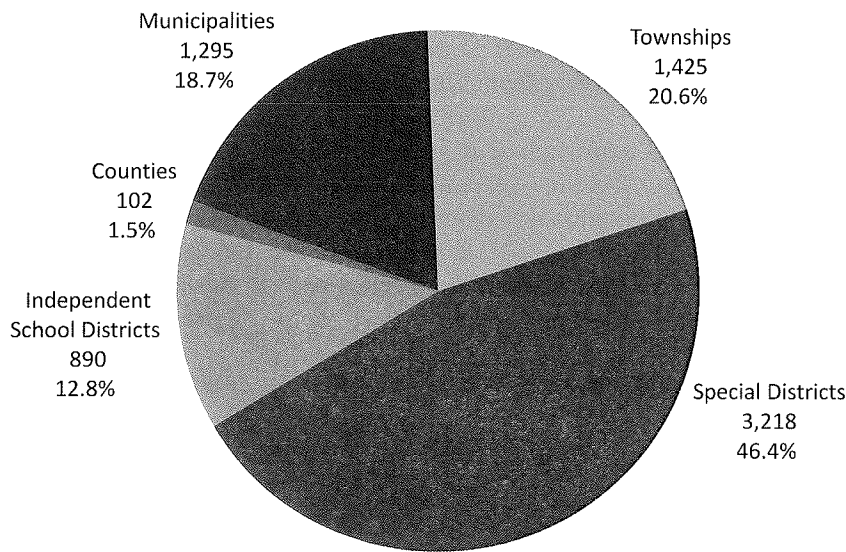
³ Populations below the state level have not been reported for 2023, so that the Census Bureau 2022 estimates are used.

Governments in Illinois

Recently released US Census of Governments data for 2022 indicates that Illinois has the most local government units of any state, with 6,930.⁴ There are 3,218 special districts, ranging in size from the Chicago Transit Authority, the Regional Transit Authority and the Metropolitan Water Reclamation District of Greater Chicago to smaller authorities, such as drainage districts, housing authorities, park districts, sanitary districts, water districts, etc. (Figure 2). Illinois has the most special districts of any state. Illinois also has the highest number of municipalities (cities, towns and villages) at 1,295. The state ranks third in the number of independent school districts, behind California and Texas, with 890, Illinois also ranks third in the number of township governments, with 1,425,⁵ behind Minnesota (1,779) and Pennsylvania (1,546).

These high numbers of local governments in the state seem indicative of an effectively operating local democracy, in which government is closer to the people.

Number of Local Governments in Illinois 2022



Source: US Census Bureau

Figure 2

This level of local democracy has led some to advocate abolishment of some governments and consolidation of their functions into others. A principal purpose of these consolidation initiatives is to reduce taxation, under the popular and long held belief that “bigger is better” in local government. Despite the popularity of this position, the evidence shows the opposite, that larger local governments tend to tax and spend *more per capita*. In effect, governments that tend to tax and spend less per capita tend also to be smaller, and closer to the people.

⁴ United States Census of Governments, 2022

⁵ The Township Officials of Illinois database indicates a township count of 1,426 as of 2024.

Assertions that larger government units are inherently more cost-effective per person (per capita) than smaller units are generally little more than theoretical - before consolidation or abolishment. Post-consolidation evaluations are rare. Moreover analysis of local government performance by size (population) usually reveals larger governments to be much more costly in a variety of measures (Section 5).

In Illinois, townships have been the object of repeated proposals for abolishment and consolidation. Advocates assume that the services provided by townships can be seamlessly absorbed by other government units, resulting in cost savings for taxpayers.

In response, the Township Officials of Illinois commissioned *Demographia* (Wendell Cox Consultancy) to conduct a review. The resulting policy report, (2016) "Townships and Local Democracy in Illinois: A Report to the People," found that larger municipalities (measured by population) in Illinois tended to be more costly per capita than smaller ones. Moreover, the report indicated that available indicators of financial performance between townships and other local government units were positive. Another report examined the Chicagoland area, and made similar findings ("Local Democracy and Townships in the Chicagoland Area").

These reports were updated in 2016, in "Local Government Efficiency and Size in Illinois, Counting Tax Revenues, Not Governments." The 2016 report examined municipal data in the state by population size, as well as in Chicagoland and Downstate. It concluded that larger municipal governments tend have higher taxes and debt levels per capita. It further concluded that township governments have lower labor costs and taxes that were rising more slowly than other local government types.

This 2024 report analyzes the fiscal performance of "sub-county general purpose governments" as defined by the United States Census Bureau (municipalities and townships). The report offers a comparative evaluation of township financial performance relative to other forms of government in Illinois, using the latest data available from 2021, sourced from the state of Illinois Comptroller's Office. It is supplemented by data from the US Bureau of the Census and other primary sources. The conclusions of this report confirm those of the earlier reports.

2: TOWNSHIP FISCAL PERFORMANCE

Illinois townships are sub-county units of governments, in contrast to municipalities (which include cities, towns and villages) are incorporated under state law and perform most local government services. Township responsibilities are discussed in Box 1 (About Townships in Illinois).

Each of the public services of Illinois townships and municipalities are provided exclusively to residents within non-overlapping geographic areas, avoiding duplication of the same services. Because of their materially differing mix of public services, direct fiscal per capita comparisons between townships and municipalities are not valid.

Property Tax Revenue Trend

Township property taxation indicates a positive trend compared to other types of local government. Township property tax revenues increased between 2014 (the data referenced in the 2016 *Demographia* report) and 2021 by 12.9 percent, compared to 33.0 percent in municipalities and 18.1 percent in special districts (Figure 3).

Box 1**About Townships in Illinois**

Township government, established in Providence, Rhode Island in 1636, is the oldest existing unit of government continuing to serve on the North American continent. Township government was in existence for 140 years prior to the signing of the Declaration of Independence in 1776. The wording of the Declaration of Independence reflects the fact that 38 of its 56 signers had experienced the benefits of township government.

The Declaration's statement that "government should derive its just powers from the consent of the governed" is demonstrated at the Annual Town Meeting held on the second Tuesday of each April. The Annual Town Meeting is still an important function of our nation's 17,000 townships after more than 360 years. The Illinois Constitution of 1848 gave voters in each county the opportunity to adopt Township Government. By 1850, the first township governments began operation. Today, 85 of Illinois 102 counties operate under the township form of government and the 1,426 townships serve more than 8 million citizens.

Functions of Illinois Townships

By law, Illinois townships are charged with three basic functions: 1) general assistance for the indigent; 2) the assessment of real property for the basis of local taxation; and 3) maintenance of all roads and bridges outside federal, state, and other local jurisdiction.

Road and Bridge Maintenance

Township Government maintains over 71,000 miles of roads in Illinois - a full 53 percent of all thoroughfares in the state.

General Assistance

Townships provide food, shelter and emergency relief for needy people until they are able to support themselves. Many townships in Illinois operate food banks that guarantee the necessities of life for children.

Property Assessment

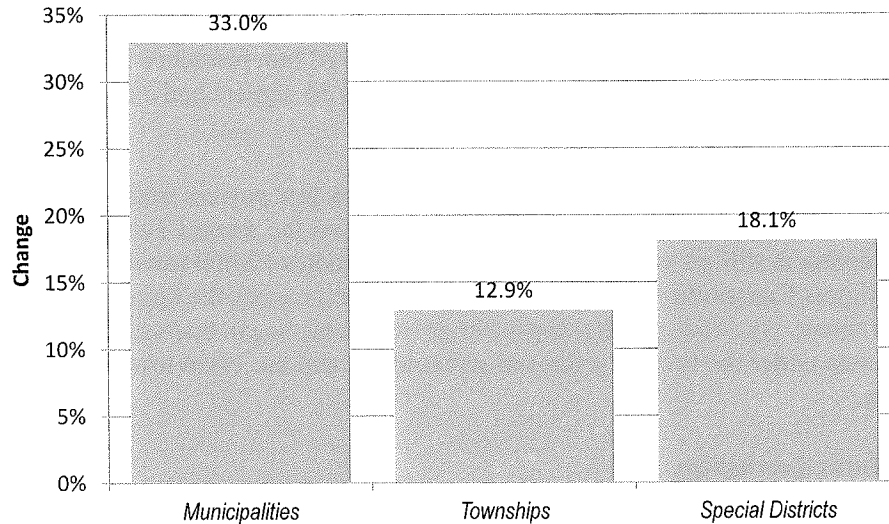
Townships establish the value of all real property in the township. The township assessor, in fact, is the only elected governmental official who must pass approved courses of instruction before standing for election to office.

Other Services

Beyond the three mandated services, Township Government provides other vital services to the people next door. This may include senior citizens programs, youth programs, assistance to the disabled, parks and recreational facilities, health services and cemetery maintenance. In this regard, township government serves its neighbors from the cradle to the grave.

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Property Tax Revenue Trend: 2014-2021 ILLINOIS: BY TYPE OF LOCAL GOVERNMENT



From: Illinois Comptroller data.

Figure 3

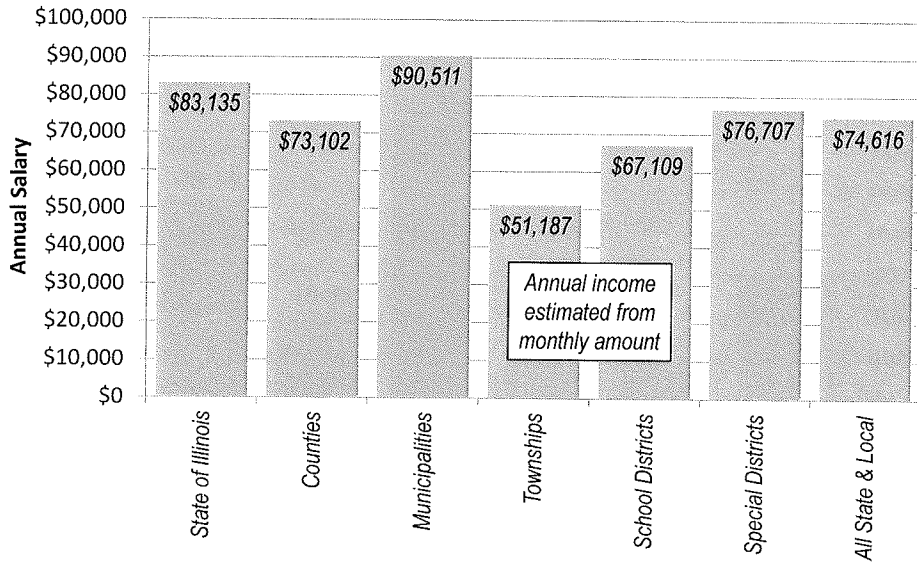
Employee Compensation by Type of Government

Townships have generally lower labor costs than other categories of Illinois local governments. In 2022, the highest average full-time salaries were in municipalities, at an annual rate of \$90,500 followed by the state, at \$83,100. Municipal full-time salaries were 77 percent higher than that of townships, which were the lowest, at \$51,200. County full-time salaries were approximately 30 percent higher than township salaries, at \$73,100. Special District average full-time salaries were \$76,700, 50 percent above township salaries. School district salaries were about 30 percent higher than township full-time salaries, with an average of \$67,100 (Figure 4).

Townships have the lowest average salaries per employee (full-time and part-time) among the types of Illinois governments (Figure 5).

This lower township figure is driven by the greater use of part-time labor. This not only results in savings on wages and salaries but also reduces employer paid fringe benefit costs. Wherever costs are minimized, in capital, materials or labor, taxpayers are best served, all else equal (Figure 6).

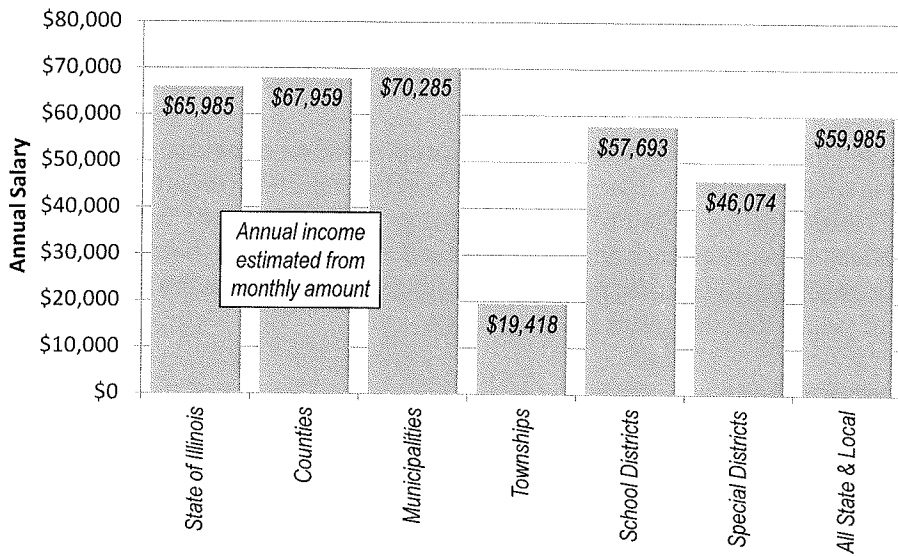
Average Salary by Type of Government ILLINOIS: FULL TIME EMPLOYEES: 2022



Derived from: Census Bureau

Figure 4

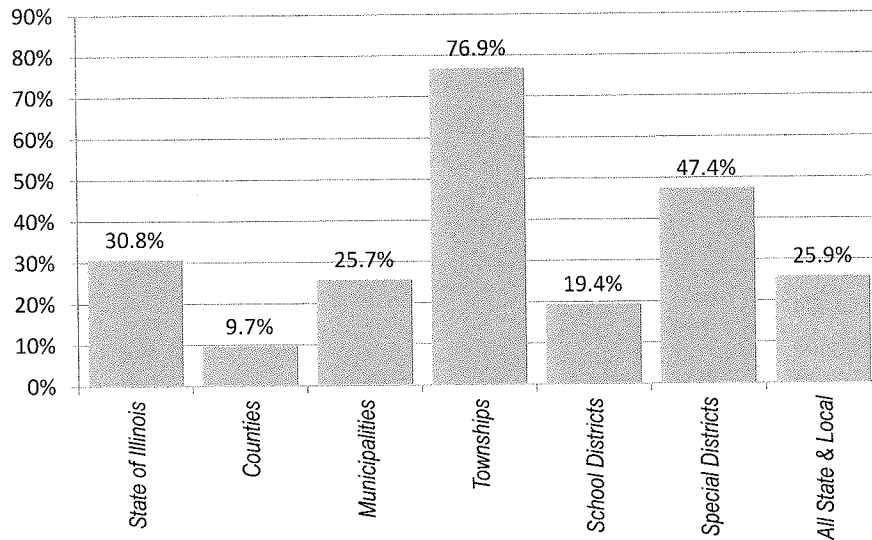
Average Salary by Type of Government ILLINOIS: PART TIME & FULL TIME EMPLOYEES: 2022



Derived from: Census Bureau

Figure 5

Part Time Employment SHARE OF TOTAL EMPLOYMENT: 2022



From: Census Bureau Financial Data.

Figure 6

3: MUNICIPAL FISCAL PERFORMANCE BY POPULATION

The abolition of townships would involve consolidation of their functions principally in municipalities, which proponents contend would save taxpayers money. The reality is, however, that larger municipalities generally have higher taxes than smaller municipalities, and they are able to incur more debt.

This section analyzes the relationship between municipal population categories and fiscal performance in Illinois. The data is from the Illinois State Comptroller's office for 2021 (reported as of October 1, 2023), and includes 1,193 municipalities. Statewide data is also provided for the six county Chicagoland area (Cook, DuPage, Kane, Lake, McHenry and Will counties) and Downstate (balance of the state). Financial data is presented in medians, the middle point in each category, rather than the average. This reduces the upward skewing of values that can result from averages.

Local Taxation per Capita

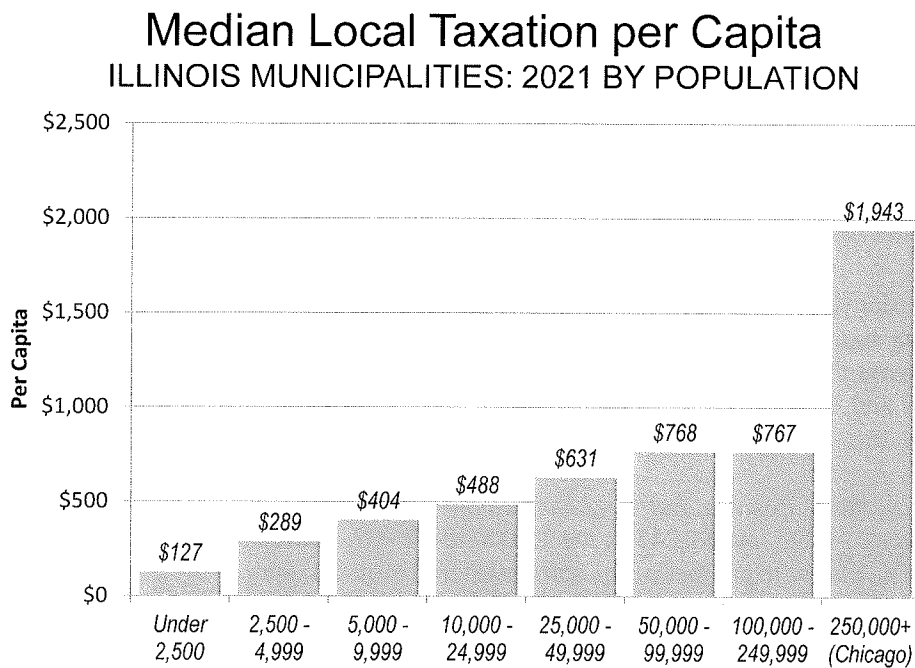
Local taxation per capita tends to exhibit a “stairstep” relationship, with larger jurisdictions, measured by population, generally exhibiting higher local taxes per capita.

The smallest municipalities (under 2,500 residents) have the lowest median local tax revenues of \$127 per capita (Figure 7). This rises to \$289 in the second smallest category (2,500 to 4,999 residents). Median local taxation generally rises through the population categories to \$768 annually in the second largest category (100,000 to 249,999 population). The largest category, which includes only the city of Chicago, had median per capita local tax revenues of \$1,943 annually. This is 15 times the \$127 in the smallest population category. This population category includes only the city of Chicago, which at 2.7 million residents, is about 15 times as large as the second most populous municipality (the city of Aurora, with 180,000 residents).

Excluding the highest population category (city of Chicago), the highest local taxation per capita was in the 100,000 to 249,999 population category, with its \$768 per capita, 6.0 times that of the smallest population category.

The stairstep relationship is generally evident both in the Chicagoland area and Downstate (Figure 8). In Chicagoland, median municipal taxation per capita ranges from \$357 in the smallest population category to \$1,943 in the largest, 5.5 times that of the smallest population category. Among municipalities from 50,000 to 99,999 and 100,000 to 249,999 population, municipal taxation was over \$750 per capita, nearly six times the level of the smallest population category.

Downstate, the range is from \$124 in per capita municipal taxation in the under 2,500 population category to \$808 in the 50,000 to 99,999 category. This is approximately six times that of the smallest population category.



From: Illinois Comptroller data.

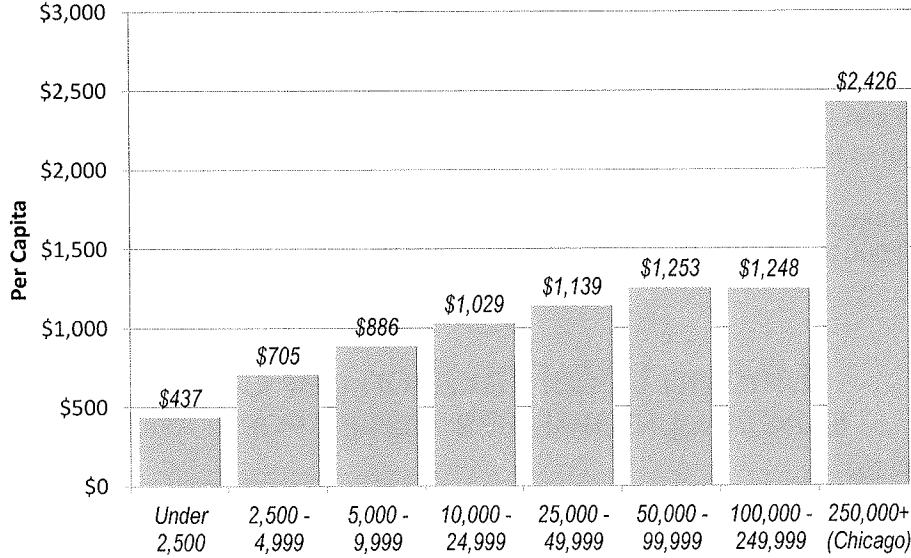
Figure 7

Combined State and Local Tax Support per Capita

Higher combined state and local tax support per capita is associated with higher municipal population, again generally in a stairstep relationship. The lowest median municipal state and local tax support is in the smallest population category (under 2,500 residents), at \$437 (Figure 9) to \$705 in the second smallest category (2,500 to 4,999 residents). The highest median state and local tax support is in the most populous category (250,000 and over), at \$2,426.

The highest population category (250,000 and over) had median municipal state and local tax support 5.6 times that of the smallest population category (under 2,500). Excluding the city of Chicago, the largest population categories (over 50,000) had median municipal state and local tax support 2.9 times that of the smallest population category.

Median Local & State Tax Support per Capita ILLINOIS MUNICIPALITIES: 2021 BY POPULATION



From: Illinois Comptroller data.

Figure 9

The stairstep relationship is evident both in the Chicagoland area and Downstate. In Chicagoland, median state and local tax support per capita ranges from \$694 in the smallest population category to \$2,426 in the largest, 3.5 times that of the smallest population category (Figure 10). Among municipalities from 50,000 to 99,999 and 100,000 to 249,999 population, state and local tax support was approximately \$1,250, 1.8 times that of the smallest population category.

Among Downstate municipalities, the range is from \$435 per capita in the under 2,500 population category to between \$1,225 and \$1,245 in the 25,000 to 49,999, 50,000 to 99,999 and the 100,000 to 249,999 categories, nearly triple that of the smallest population category.

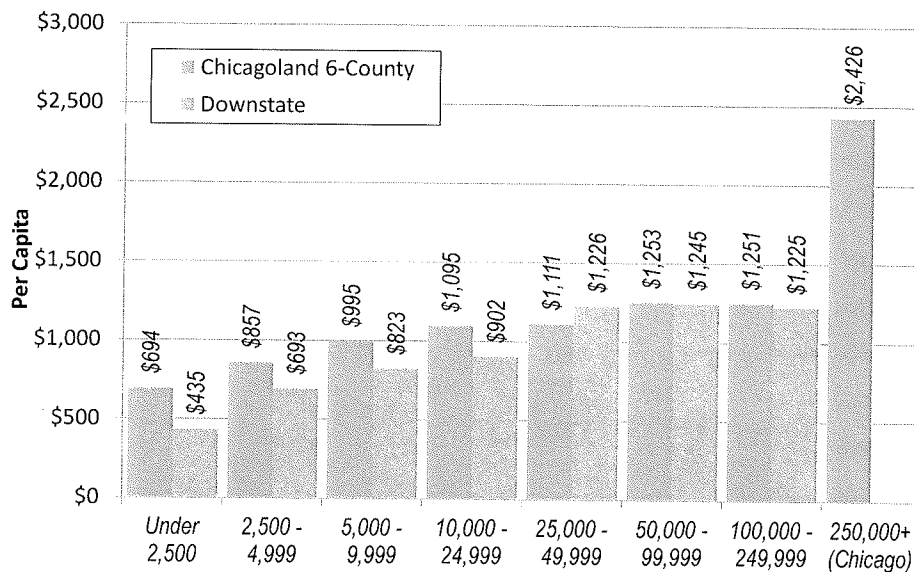
General Expenditures per Capita

General fund expenditures (General expenditures) per capita also exhibited a stairstep relationship. The lowest general expenditures were in the under 2,500 population category, at \$360 per capita (Figure 11). This rises to \$532 in the 2,500 to 4,999 population category. The largest population category (250,000 and over) had the highest municipal expenditures at \$1,737 per capita, 4.8 times that of the smallest population category.

Excluding the city of Chicago, the highest per capita municipal expenditures were in the 100,000 to 249,999 population category, at \$1,096, three times that of the smallest population category.

As with the measures of taxation, there was a strong association between higher median expenditures per capita and larger units of government statewide in both Chicagoland and Downstate (Figure 12).

Median Local & State Tax Support per Capita CHICAGO & DOWNSTATE MUNICIPALITIES BY POP.



From: Illinois Comptroller data.

Figure 10

In Chicagoland, the range in municipal taxation per capita was from \$735 in the under 2,500 population category, to \$1,737 in the most populous category (Chicago). The largest population category had expenditures per capita 2.4 times that of the smallest population category. Outside of Chicago, the highest median municipal expenditure level was \$1,096 per capita, in the 100,000 to 249,999 population category, 1.5 times that of the lowest population category.

Downstate, the range in municipal taxation per capita was from \$354 in the smallest population category to \$1,077 in the 100,000 to 249,999 population category, 3.0 times that of the smallest population category.

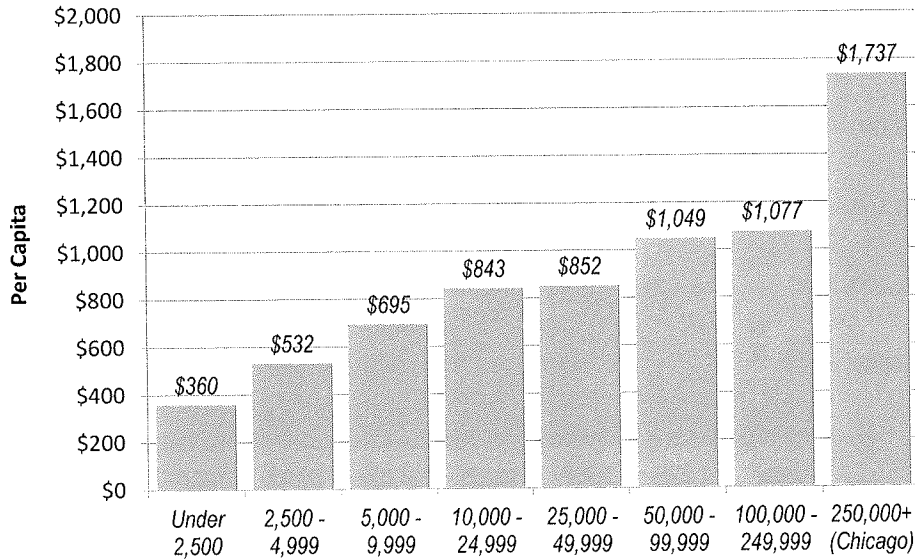
Debt per Capita

The debt levels also generally illustrated a stairstep relationship. The smallest municipal categories exhibit the lowest debt levels with the smallest population categories (Under 2,500 and 2,500 to 4,000) having zero (\$0) debt (Figure 13).

In the 5,000 to 9,999 population category, municipal debt was \$72 per capita. Municipal debt per capita was highest in the highest population category (Chicago), at \$7,572 per capita. The highest debt per capita other than Chicago was in the 50,000 to 99,999 population category, at \$807 per capita.

In Chicagoland, the median debt level per capita was zero (\$0) in the municipal population categories with fewer than 5,000 residents (Figure 14). Municipalities from 5,000 to 9,999 population had debt per capita of \$144, rising to \$7,572 in Chicago. Among the Chicagoland municipalities outside the city of Chicago, the highest debt per capita was in the 50,000 to 99,999 population category, at \$877.

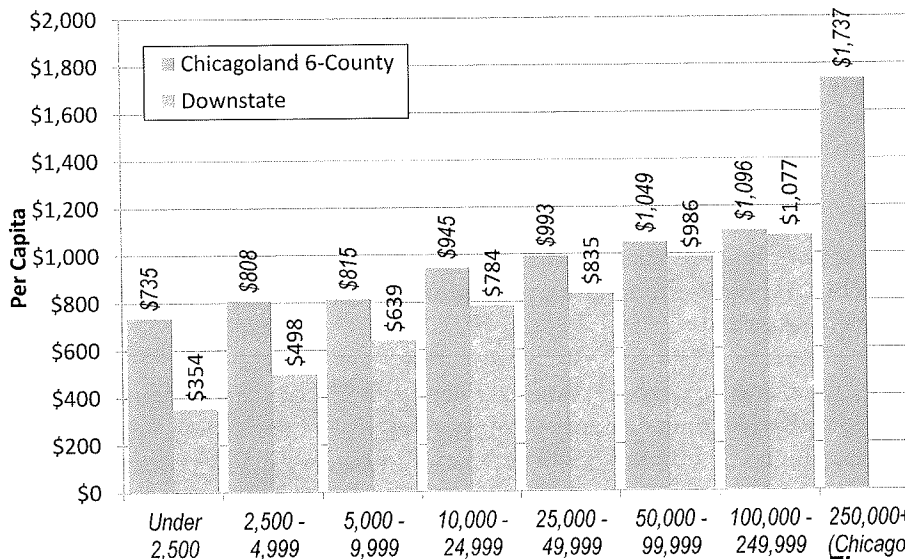
Median General Expenditures per Capita ILLINOIS MUNICIPALITIES: 2021 BY POPULATION



From: Illinois Comptroller data.

Figure 11

Median General Expenditures per Capita CHICAGO & DOWNSTATE MUNICIPALITIES: 2021 BY POP.

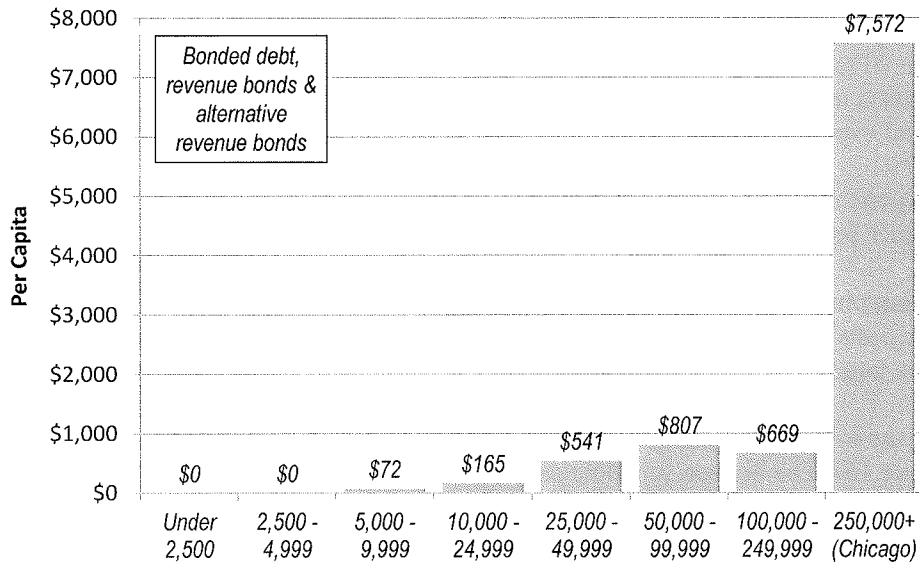


From: Illinois Comptroller data.

Figure 12

Downstate, the population categories under 5,000 had median debt per capita of zero (\$0). The debt per capita in the 5,000 to 9,999 population category was \$10. The highest Downstate municipal debt per capita was \$1,059 in the 100,000 to 249,999 population category.

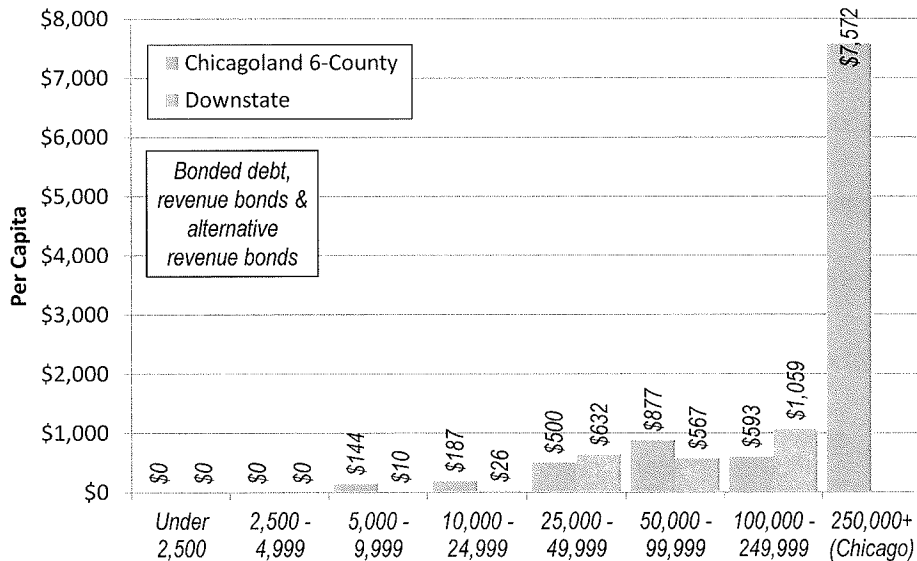
Median Debt per Capita: 2021 ILLINOIS MUNICIPALITIES: 2021 BY POPULATION



From: Illinois Comptroller data.

Figure 13

Median Debt per Capita: 2021 CHICAGO & DOWNSTATE MUNICIPALITIES BY POP.



From: Illinois Comptroller data.

Figure 14

This section has shown that larger municipalities have higher taxes per capita, spend more per capita, and have more debt per capita than smaller municipalities. This relationship is evident both in Chicagoland and Downstate.

Labor Indicators

Efficient public administration requires that governments purchase goods and services at no more than the market rate, including labor. US Census Bureau estimates indicate that wages and salaries accounted for approximately 36 percent of gross annual Illinois local government expenditures in 2022. This does not include fringe benefits (employer paid benefits). If the national state and local government fringe benefit rate (37.8 percent) is applied to Illinois municipal government employee compensation would account for 50 percent of total expenditures.⁶

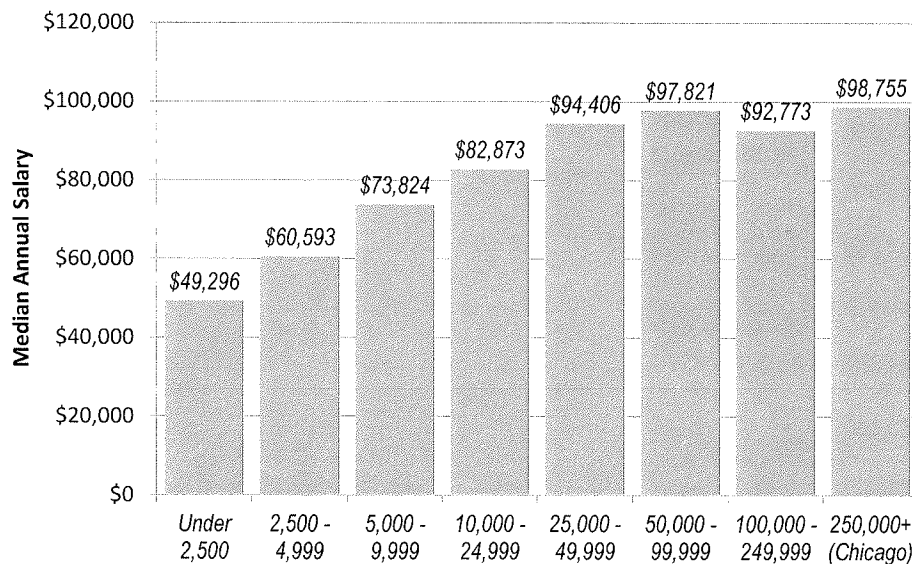
Employee Compensation: Median municipal salaries also exhibit a stairstep relationship, with higher values in the higher population categories.

The lowest median municipal annual full-time salaries are observed in the smallest population category (under 2,500 residents), averaging approximately \$49,300 annually. The highest municipal full-time salaries are in the largest population category, (Chicago) at \$98,800 (Figure 15).

In Chicagoland, the lowest full-time annual salaries are in the smallest population category (under 2,500), at \$71,800 (Figure 16). The highest full-time salaries are in the 100,000 to 249,999 population category, at \$104,800.

Downstate, the lowest median full-time annual salaries were in the smallest population category, at \$48,600, while the highest were in the top population category (50,000 to 99,999), at \$87,700.

Median Full-Time Annual Salary Per Employee ILLINOIS MUNICIPALITIES: 2022 BY POPULATION

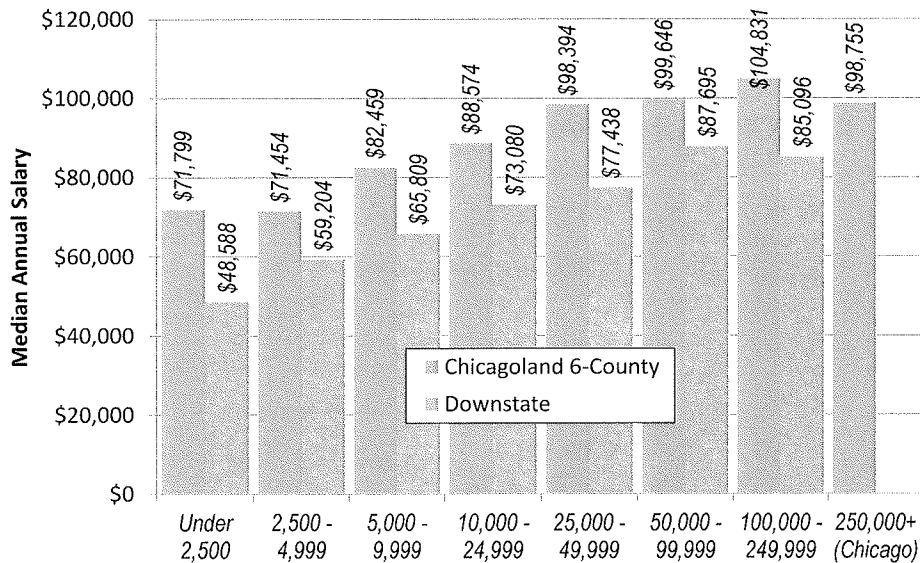


Derived from Census Bureau data.

Figure 15

⁶ Calculated from US Census Bureau government finance database and US Department of Commerce, Bureau of Economic Analysis data.

Median Full-Time Annual Salary Per Employee CHICAGO & DOWNSTATE MUNICIPALITIES BY POPULATION



Derived from Census Bureau data.

Figure 16

Full-Time and Part-Time Employment: The use of part-time labor is common practice in many Illinois municipal governments. Part-time employment can be more cost effective and is more prevalent in smaller municipalities, undermining the notion that "bigger is better." This metric also reveals a stairstep relationship, though it is *reverse* - lower use of part time labor is associated with smaller governments.

Among the smallest municipalities (with fewer than 2,500 residents), approximately 88 percent of employees work part-time. In the next population category (2,500 to 4,999 residents), part-time employment accounts for around 52 percent of total employment. The lowest prevalence of part-time employment is in municipalities with 100,000 to 249,999 population, at 3.8 percent. In the largest population category (the city of Chicago), part time employment is at 4.0 percent (Figure 17).

In Chicagoland and Downstate, higher rates of part-time employment are associated with smaller municipalities (Figure 18). In Chicagoland, the highest part-time employee rate is in the smallest population category (under 2,500) at 82 percent, while the lowest is in the largest population category (250,000 and over) at 4.0 percent.

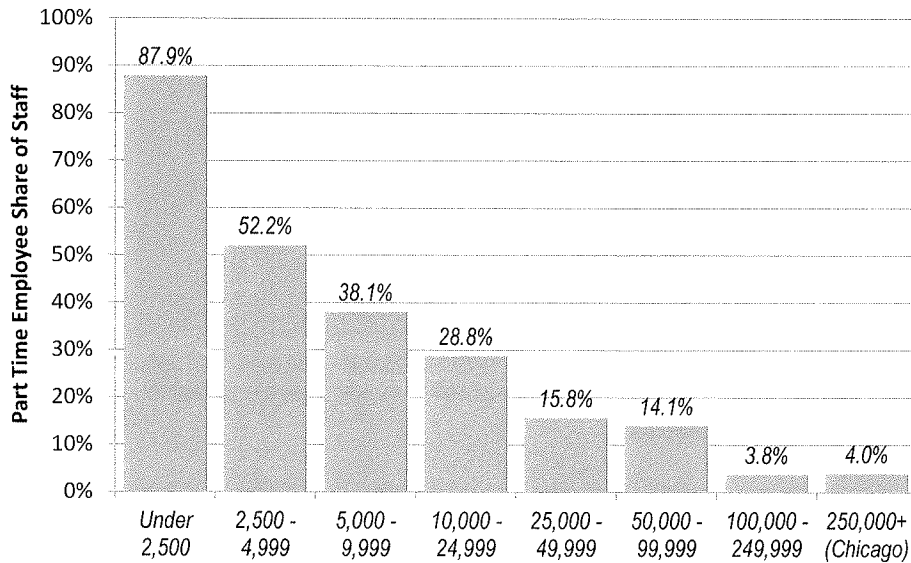
Downstate, the highest part-time employee rate is in the smallest population category (under 2,500) at 88 percent, while the lowest is in the largest population category (100,000 to 249,999) at 3.4 percent.

Municipal Financial Performance: The State Context

Outside of the city of Chicago, all of the municipal population size categories collect a smaller percentage of statewide municipal tax revenues than their share of population. Chicago accounts for more than 51 percent of the local taxes collected in the state, despite having only 26 percent of the state population (Figure 19).

A similar conclusion is drawn from the data on state and local tax support (Figure 20). The state and local tax support of municipalities is in the largest population category (Chicago) is 42 percent of the state total, significantly greater than Chicago's 26 percent of the state population. In all other population categories, the percentage state and local tax support to municipalities is less than their corresponding population.

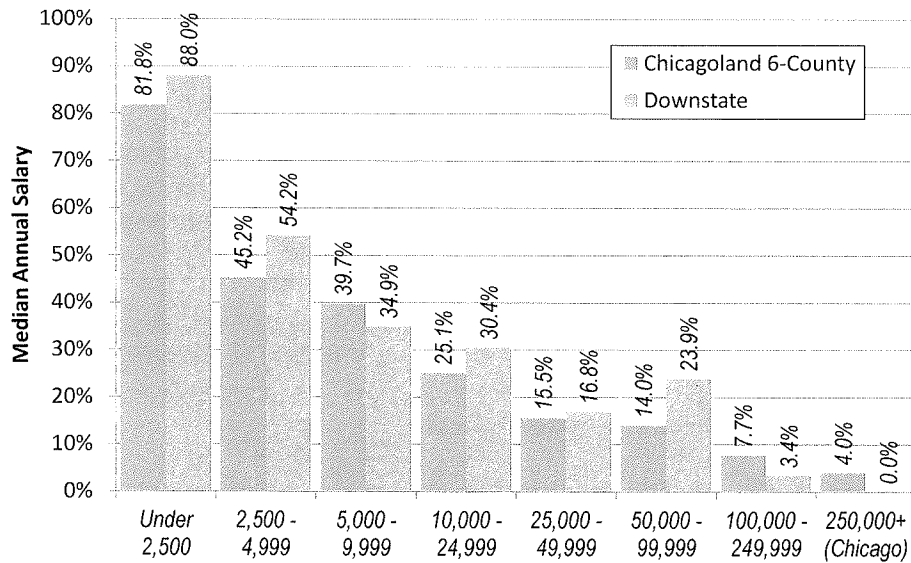
Part Time Employment ILLINOIS MUNICIPALITIES: 2021 BY POPULATION



From: Illinois Comptroller data.

Figure 17

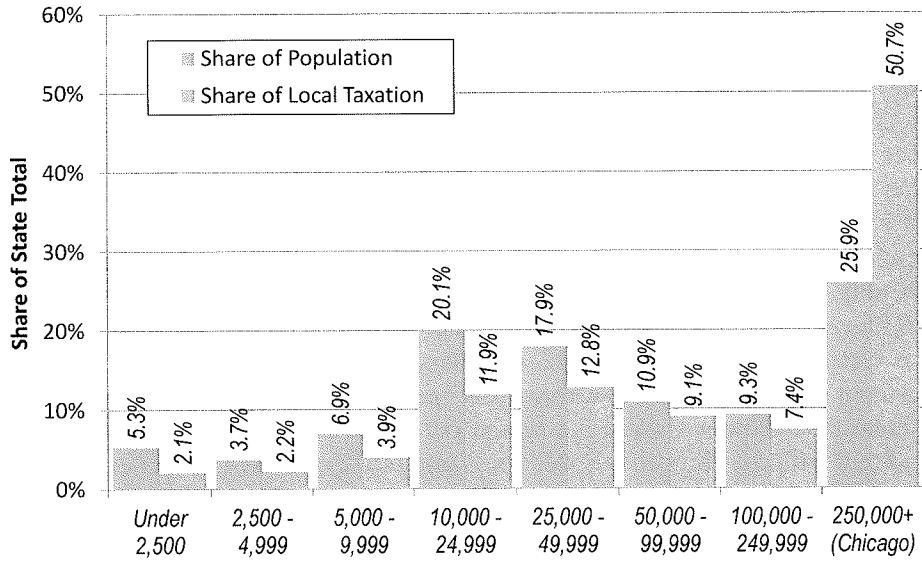
Part Time Employment CHICAGO & DOWNSTATE MUNICIPALITIES BY POP.



From: Illinois Comptroller data.

Figure 18

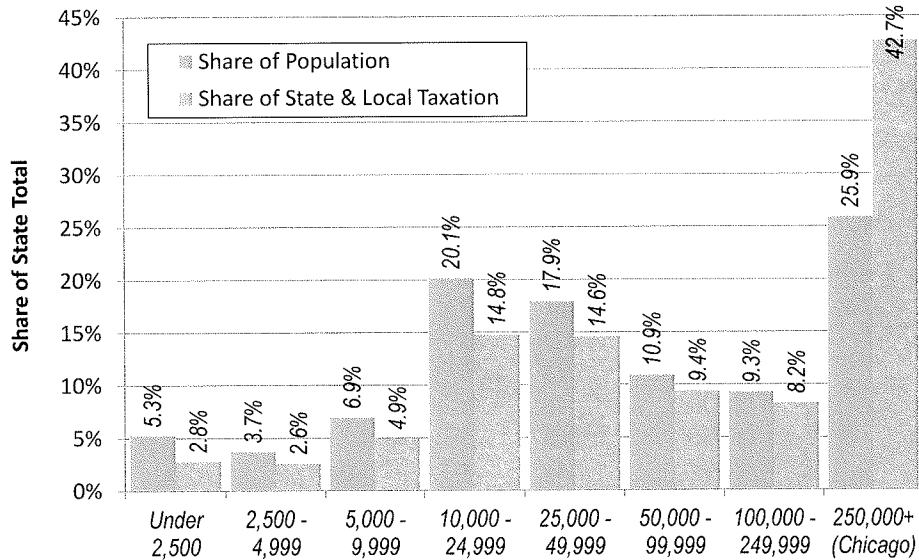
Local Tax Share v. Population Share ILLINOIS MUNICIPALITIES: 2021



From: Illinois Comptroller data.

Figure 19

State & Local Tax Share v. Population Share ILLINOIS MUNICIPALITIES: 2022



From: Illinois Comptroller data.

Figure 20

As noted above, there is a predominantly stairstep relationship between the population of municipalities in Illinois and their less effective financial performance per capita. The data shows that smaller municipalities, rather than larger municipalities, tax less per capita, spend less per capita and borrow less per capita, while their labor costs are lower.

All of this is contrary to the contention that “bigger is better” in municipal fiscal performance.

4: ILLINOIS COMPARED TO OTHER STATES

The presumption that more efficient local government is associated with higher taxation is not only refuted by Illinois data (Section 3) but also by data from the other states.

While Illinois has the most state and local governments, proportional adjustment for its large population drops its rank to 13th, at 545 governments per million population (Table: Comparing Local Taxes and Spending Between States: Caveats). Various observations undermine the premise that a larger number of local governments are associated with higher taxation.

- Hawaii has the *fewest* local governments per million population among the states, with only 15. Notably, Hawaii lacks municipalities, relying solely on counties as the only local general-purpose level of government as well as on the state. Moreover, Hawaii has no independent school districts, with elementary and secondary education administered by the Hawaii State Department of Education. Despite having *97 percent fewer* local governments per million population than Illinois, Hawaii has *higher* per capita state and local taxation. This is inconsistent with the “bigger is better” presumption that more governments is associated with greater taxation.

Table
Governments per Million Residents Compared to State & Local Taxation: 2021

State	Taxation per Capita	Govts/1m Population	Rank	State	Taxation per Capita	Govts/1m Population	Rank
1 New York	\$ 10,331	174	34	26 Indiana	\$ 5,361	387	20
2 Connecticut	\$ 9,424	172	35	27 Ohio	\$ 5,343	331	25
3 California	\$ 9,217	114	42	28 Wyoming	\$ 5,204	1,370	3
4 New Jersey	\$ 8,305	144	36	29 New Mexico	\$ 5,175	479	17
5 Massachusetts	\$ 8,107	123	40	30 Nevada	\$ 5,106	60	47
6 Hawaii	\$ 7,756	15	50	31 Montana	\$ 5,103	1,108	7
7 Vermont	\$ 7,528	1,127	6	32 Michigan	\$ 4,980	285	28
8 Minnesota	\$ 7,457	638	8	33 North Carolina	\$ 4,889	92	44
9 Illinois	\$ 7,350	545	13	34 Texas	\$ 4,861	181	33
10 Maryland	\$ 7,242	56	49	35 Arkansas	\$ 4,857	509	16
11 North Dakota	\$ 7,012	3,424	1	36 Louisiana	\$ 4,835	112	43
12 Maine	\$ 6,791	606	12	37 West Virginia	\$ 4,697	365	22
13 Delaware	\$ 6,717	332	24	38 Kentucky	\$ 4,674	293	27
14 Washington	\$ 6,663	245	29	39 South Dakota	\$ 4,655	2,138	2
15 Rhode Island	\$ 6,488	118	41	40 Arizona	\$ 4,640	91	45
16 Oregon	\$ 6,485	355	23	41 Missouri	\$ 4,638	611	10
17 Colorado	\$ 6,404	540	14	42 Idaho	\$ 4,582	614	9
18 Nebraska	\$ 6,353	1,293	4	43 Georgia	\$ 4,578	128	39
19 Pennsylvania	\$ 6,255	371	21	44 Oklahoma	\$ 4,465	459	18
20 Virginia	\$ 6,187	60	48	45 Mississippi	\$ 4,441	329	26
21 Kansas	\$ 5,944	1,291	5	46 South Carolina	\$ 4,413	129	38
22 Iowa	\$ 5,928	607	11	47 Florida	\$ 4,381	78	46
23 Wisconsin	\$ 5,705	527	15	48 Tennessee	\$ 4,259	130	37
24 Utah	\$ 5,652	185	32	49 Alabama	\$ 4,237	237	31
25 New Hampshire	\$ 5,409	390	19	50 Alaska	\$ 4,189	244	30
				50 States	\$ 6,320	272	

Sorted by taxation per capita
Source: Derived from Census Bureau data.

- Maryland has the second smallest number of local governments per million population, with only 56, barely one tenth that of Illinois. Yet, Maryland’s state and local taxation per million residents is only 1.5 percent below that of Illinois. For a state with such a small number of local governments to virtually equal the taxation per million residents of Illinois undermines the “bigger is better” presumption that more governments is associated with greater taxation.
- There are eight states with higher taxation per capita than Illinois. Six of these eight states have *fewer* governments per million residents. This is inconsistent with the “bigger is better” presumption that more governments is associated with greater taxation.
- Among the 12 states with a larger number of state and local governments per million residents than Illinois, two exhibit higher state and local taxation rates, whereas 10 have lower state and local taxation per million population than Illinois. This is inconsistent with the “bigger is better” presumption that more governments is associated with greater taxation.

Indeed, there is virtually no correlation between the number of governments per million residents and state and local per capita taxation, with a correlation coefficient of 0.002 on a scale ranging from minus 1.000 (maximum negative correlation) to plus 1.000 (maximum positive correlation)

Finally, because of differences in the mix of state and local government responsibility between the states, comparison of taxation must be at the state and local level, rather than state to state or local to local (Box 2).

5: ACADEMIC RESEARCH

Various academic studies have concluded that local government abolishments and consolidations result in lower taxes and spending. However, the genuine effects of local government abolishments and consolidations become apparent only after their implementation. Such evaluations are rare, and the spending reductions promised are usually not achieved.

For example:

Economist Elinor Ostrom, in her Nobel Prize acceptance lecture for work in economic governance (2009), criticized the focus on the number of government agencies rather than understanding why they were created and how they performed. In her Nobel Prize lecture, she lamented that: “The changes recommended are presumed to lead to the postulated consequences without need for empirical investigation of the relationships involved.”

The Toronto municipal consolidation (the largest in North American history except for the 1898 New York City consolidation) illustrates how projections of savings can turn into higher costs. Harvey Schwartz, an economics professor at the University of York (Canada) reported that huge cost savings were predicted by the government of Ontario, which forced the consolidation. Instead, costs rose.⁷ According to the Toronto Business Alliance, a central city business association:

The consolidation of the City of Toronto has not produced the overall cost savings that were projected. Although there have been savings from staff reductions, the harmonization of wages

⁷ Harvey Schwartz, “Toronto: Trouble in the Megacity facing a financial crisis in 2010”<https://policyoptions.irpp.org/magazines/after-copenhagen/toronto-trouble-in-the-megacity-facing-a-financial-crisis-in-2010/>

and service levels has resulted in higher costs for the new City. We will all continue to feel these higher costs in the future.⁸

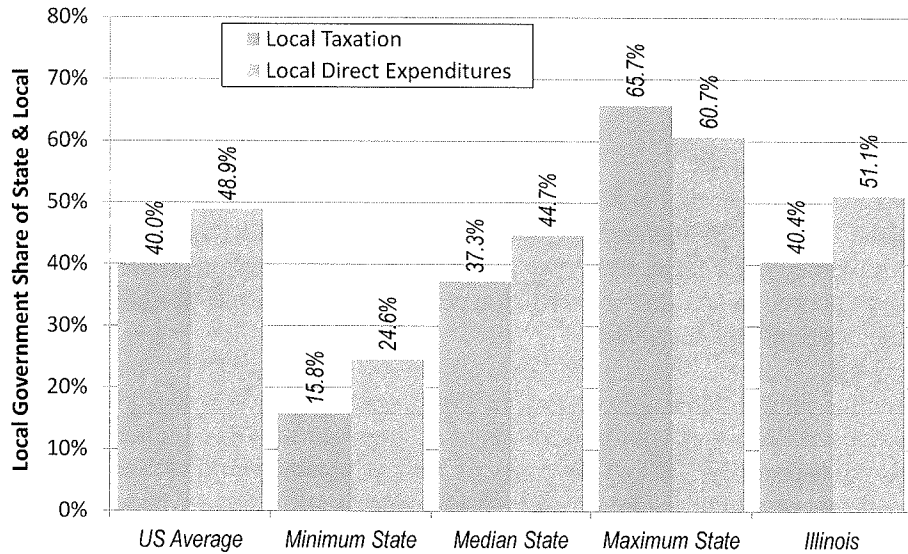
Box 2:

Comparing Local Taxes and Spending Between States: Caveats

Interstate fiscal analyses often compare local taxation between states. However, interstate local or state comparisons can be inherently invalid, because of the substantial variation in functions performed by the two levels of government. Some states rely on local taxation more than others (Figure 21).

- The median local government taxation per capita among the states is 37.3 percent of combined state and local tax revenue, and 62.7 percent state taxation. Local tax revenues range from only 15.8 percent of total state and local taxation in Delaware to 65.7 percent in Alaska. There is a range of 4.2 times between the highest and lowest taxed states. In Illinois, 40.4 percent of state and local tax revenue is from local taxes.
- The median local direct expenditures per capita among the states is 48.9 percent the combined state and local direct expenditures, leaving 51.1 percent at the state level. Local direct expenditures range from only 24.6 percent of combined state and local expenditures in Hawaii to 60.7 percent in Nebraska. There is a range of 2.5 times between the highest and lowest states in direct expenditures per capita. In Illinois, 51.1 percent of combined state and local tax expenditures are at the local government level.

**Local Share of Taxation & Expenditures
UNITED STATES 2021**



Derived from Census Bureau data

Figure 21

⁸ Toronto City Summit Alliance, *Enough Talk: An Action Plan for the Toronto Region*, April 2003; http://www.torontoalliance.ca/docs/TCSA_report.pdf, accessed April 14, 2007.

In an academic review conducted for the Michigan Senate, economist Eric Scorsone pointed out a common trend where the actual outcomes often fall short of the pre-consolidation and abolition expectations. Scorsone found that: ... *there is no clear relationship between spending per capita and total number of local governments or number of persons per local government* at the national level. He made a similar conclusion with respect to Midwestern states. Scorsone found that: *the evidence seems to point to the fact that a policy of local government consolidation may not be effective in reducing or slowing the growth rate of governmental costs.*⁹

A review of consolidation literature prepared by Mark Holzer at Rutgers University for the State of New Jersey Local Unit Alignment, Reorganization and Consolidation Commission indicates that "cost savings are not assured," and that "most consolidations fail."¹⁰

Nelson Wikstrom at Virginia Commonwealth University assessed that metropolitan government consolidation was "rather tired, weak and unimpressive" and such proposals have rarely been implemented. This has "demonstrated the wisdom of the electorate, as manifested by its general negative political behavior toward reform proposals, exceeded the perception of scholars of urban government."¹¹

Governance expert Robert Bish, from the University of Victoria (Canada), emphasized that the ultimate measure of local government efficiency is their relative expenditures per capita for quality public services, not a count of jurisdictions or taxing districts.

A US National Research Council study indicated: *There is general agreement that consolidation has not reduced costs (as indicated by some reform advocates) and, in fact, may have even increased total local expenditures.*¹² Relying on prospective studies to market abolition and consolidation proposals tends to be spurious, confusing announcement of a policy goal with achievement.

Sometimes higher level governments have established incentives for abolition and consolidation. This practice can distort decision making and result in less optimal outcomes.¹³ The fundamental problem with such incentives is that they are based on the usually unreliable "bigger-is-better" presumption.

Efficiency and Larger Local Governments: Research in Four U.S. States

Over the past 15 years, there have been proposals in at least four U.S. states (including Illinois) to either compel or strongly encourage local government abolishment and consolidations. The primary goal has been to enhance efficiency, with proponents contending that the multiplicity of local governments results in higher spending levels and higher taxes, and that reducing the number of governments would lower taxes and spending.

These four states rank in the top 10 in the number of local government units, including Illinois (#1 in number of governments), Pennsylvania (#3), Ohio (#5), and New York (#9).

⁹ Scorsone, 2010.

¹⁰ Marc Holzer, *Literature Review and Analysis Related to Municipal Government Consolidation*, State of New Jersey, Local Unit Alignment, Reorganization, and Consolidation Commission, 2009. nj.gov/dca/affiliates/luarcc/pdf/final_consolidation_report.pdf.

¹¹ Nelson Wikstrom (1978) "A Reassessment Metropolitan Governmental Consolidation," *Growth and Change* <https://onlinelibrary.wiley.com/doi/10.1111/j.1468-2257.1978.tb00353.x>

¹² Alan Altshuler and William Morrill and the Committee on Improving the Future of U.S. Cities Through Improved Metropolitan Area Governance, *Governance and Opportunity in Metropolitan America*, National Research Council.

¹³ Oakerson, *Governing local public economies*.

Supporters of consolidation generally claimed that there would be substantial savings, however cited theoretical “before the fact” evidence, rather than actual “after-the-fact” reality.

In response to these initiatives, *Demographia* was commissioned to produce reports analyzing Pennsylvania, New York, Ohio and Illinois (with both statewide and Chicago metropolitan area reports).¹⁴ Each of these reports tested the presumption that larger units of government were more efficient, with lower taxation and lower expenditure levels per capita. However, in each case, the opposite was observed: lower levels of taxation, spending and debt per capita were associated with *smaller* governments. This trend was consistent with analyses of municipality data in the United States Census Bureau database.

In Ohio, a well-financed campaign had claimed that small local governance structure “creates a staggering array of costs” and implied that this reality led to a “trade-off” between the “desire of citizens for more accessible and responsive governments” (smaller governments). Yet, with more than 2,200 local general purpose governments (municipalities and townships), expenditures were considerably less in the smaller population categories.

Two of the states, Pennsylvania¹⁵ and Ohio,¹⁶ have established programs to identify and assist local governments that become financially distressed. In both states, the incidence of financial distress (measured relative to the number of governments in population categories) is the lowest among smaller governments and rises to the highest among larger governments. In contrast, both of these states have seen their largest municipalities in financial distress, nearing or entering bankruptcy (Philadelphia, Cleveland and Pittsburgh).

6: UNDERLYING FACTORS

The following factors make it particularly difficult for abolitions and consolidations to reduce taxes and spending.¹⁷

Aligning Labor Costs and Service Levels

Government consolidations can result in increased costs due to the necessary alignment of labor costs with the structure of the most expensive consolidating government. Given that labor compensation constitutes the largest portion of local government expenditure, this “leveling up” can significantly inflate overall expenses.

¹⁴ Wendell Cox, *Growth, Economic Development and Local Government Structure in Pennsylvania*, Pennsylvania Association of Township Supervisors, 2005. <http://demographia.com/localgovtPA.pdf>, Wendell Cox, *Government Efficiency: The Case for Local Control*, Association of Towns of the State of New York, <http://www.nyassessor.com/Portals/3/documents/caseforlocalgovernment.pdf>, 2008, Wendell Cox, *Local Democracy in Ohio: A Review of City, Village and Township Performance by Size*, Ohio Township Association, 2012.

¹⁵ Demographia, *Policy Analysis: The Pennsylvania Distressed Municipalities Program (Act 47)*, <http://www.demographia.com/db-distress.pdf>, 2011.

¹⁶ Cox, 2012, *Local Democracy in Ohio*.

¹⁷ This section is partially adapted from our report entitled *Local Democracy and Townships in the Chicagoland Area* (<http://demographia.com/IL-CoxChicagolandReport.pdf>), prepared for the Township Officials of Illinois and *Local Democracy in Ohio: Review of City, Village and Township Financial Performance by Size* (<http://www.ohiotownships.org/sites/default/files/Report.pdf> prepared for the Ohio Township Association), prepared for the Ohio Township Association.

In their Marion County (Indianapolis) Consolidation Study Commission and the Indiana General Assembly research, Staley, et al found: ¹⁸

In general, it is uncommon (although not impossible) for operating costs to decrease—due primarily to the “leveling up” of salaries and benefits. As local governments with differing compensation structures are consolidated, salaries and benefits are often standardized at the higher level.

Additionally, there is a tendency to elevate service levels to match those of the jurisdiction with the highest standards, further contributing to heightened costs.

Finally, there are inevitably “transition costs” that are necessary to move services from one government to another. These can be substantial, as the Toronto consolidation showed (above).

Diminished Political Access for Residents

Smaller local governments, while inherently more efficient, owe their effectiveness to being more under the direct influence of their local electorate. By definition, smaller local governments are closer to the people, which results in greater voter access, all else equal. The accessibility of these governments to taxpayers acts as a check against undue influence from special interests seeking elevated spending levels. Officials in smaller jurisdictions can oversee financial performance and public service delivery more directly, minimizing reliance on professional staff not directly accountable to voters.

Larger Governments and Political Realities

Larger jurisdictions can face much more difficult political pressures than those with smaller populations. Political interests (sometimes called special interests, which more often than not seek higher levels of expenditure) may be more powerful in larger governments, making it more difficult for elected officials to maintain sufficient fiscal control.

As spending levels rise, there is likely to be pressure to limit tax increases and to seek further funding from higher levels of debt, as is indicated above in their greater borrowing per capita in larger municipalities.

The next step may occur where, for legal or political reasons, a larger jurisdiction may not be able to enact higher taxes or incur further debt, may look to consolidation with nearby jurisdictions to obtain taxing and borrowing capacity. This would force taxpayers newly merged to “bail out” out the surviving, especially high cost local government. This could permit the jurisdiction to begin another tax-debt-consolidation cycle.

Part of the problem may be that larger municipalities choose to provide more services than smaller municipalities. That may be an indication of the democratic preference of residents, or could indicate a disproportionate influence of larger administrative staffs on municipal decision making.

Improbability of Savings

The practicalities of governance, politics and labor relations outlined above make it improbable for the abolishment of local government units to result in savings. Moreover, the relatively lower cost structures

¹⁸ Samuel R. Staley, Dagny Faulk, Suzanne M. Leland and D. Eric Shansberg, 2005.
<http://www.state.in.us/legislative/interim/committee/2005/committees/prelim/MCCC02.pdf>,

of Illinois townships relative to other governments make it unlikely that transferring services to other local governments would yield savings.

7: GOVERNMENT CLOSER TO THE PEOPLE

The following conclusions are drawn from the analysis above:

- (1) Larger municipal governments (categorized by population) continue to tax more, spend more, and borrow more per capita than smaller municipal governments. This “stairstep” relationship is an indication that consolidation and abolishment, which would lead to larger local government units, is likely to increase taxes and spending per capita. This is the opposite of the “bigger is better” theory of local government finance.
- (2) Labor costs are often the largest expenditure category in local governments. Larger municipal governments tend to have higher annual full-time salaries than smaller municipal governments. Further larger municipal governments rely substantially less on part-time labor, which reduces their labor costs significantly.
- (3) The available comparative indicators show that township governments have property taxes that are rising more slowly than other Illinois local governments. Further township labor expenses per employee are the lowest of any local government type in the state. These are indications that abolishment of townships in Illinois is unlikely to lead to lower taxes and expenditures. It could rather lead to higher taxes and expenditures, because the governments into which their services would be consolidated have higher cost structures.
- (4) Township debt per capita is generally lower than that found in other forms of government within Illinois. If townships were to be abolished and consolidated into municipal governments, it is probable that debt levels would increase. This is because municipal governments tend to depend more on borrowing.
- (5) A national analysis indicates that there is virtually no correlation between the number of local government units in a state per million residents and taxation per capita. For example, Hawaii has the least number of local governments per million, 97 percent fewer than in Illinois. Yet, Hawaii has *higher taxation per capita than Illinois*.
- (6) Academic research has often favored abolition and consolidation of local governments. Yet, this research is characterized by prospective analysis - expectations of lower taxes and spending that would occur at implementation. Indeed most abolition and consolidation proposals are not implemented. Among those that are implemented, actual abolition and consolidation is dominated by failures relative to expectations, as projected tax and spending reductions usually do not occur.
- (7) This Illinois research mirrors the conclusions of previous research in Pennsylvania, New York and Ohio, as well as two previous Illinois reports. Smaller governments tax, spend and borrow less than larger governments per capita.
- (8) Alignment of labor costs and less direct oversight by elected officials in larger jurisdictions make it unlikely that consolidation and abolition would lead to lower local government costs. Similarly, transferring services from the generally lower cost townships could result in higher costs.

Overall, the evidence indicates that local government consolidation and abolishments have virtually no potential to improve local government fiscal performance. This is because such strategies are generally associated with *higher* taxes per capita, *higher* spending per capita and greater *debt* per capita.