

THE LEAGUE OF WOMEN VOTERS
OF ROSELLE-BLOOMINGDALE

SCHOOL DISTRICT CONSOLIDATION STUDY



Defending Democracy
Empowering Voters

"The foundation of every state is the education of its youth."

■ **Diogenes**

The League of Women Voters, a nonpartisan political organization, encourages informed and active participation in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy. Membership in the League is open to men and woman of all ages

Table of Contents

EXECUTIVE SUMMARY	3
WHY ARE WE DOING THIS STUDY? THE STUDY AREA	10
STUDY COMMITTEE MEMBERS AND BACKGROUNDS	12
LWV OF ILLINOIS GOVERNMENT CONSOLIDATION POSITION	13
SCHOOL DISTRICT CONSOLIDATION BACKGROUND	14
CONSOLIDATION FACTORS	18
CONSOLIDATION BENEFITS	22
CONSIDERATIONS AND CONS	26
COMPLETED SCHOOL DISTRICT CONSOLIDATIONS IN METROPOLITAN CHICAGO	27
FINANCIAL ANALYSIS	27
WHAT WOULD BE THE IMPACT ON PROPERTY TAXPAYERS?	36
WHAT WOULD BE THE IMPACT ON TEACHERS?	38
WOULD INTERGOVERNMENTAL AGREEMENTS BE A PREFERRED OPTION?	39
CAN DISTRICT CONSOLIDATION IMPROVE STUDENT OUTCOMES?	40
WHAT WOULD THE NEW SCHOOL BOARD LOOK LIKE?	42
STATE CONSOLIDATION INCENTIVES	43
CONSOLIDATION PROCESS	44
LEGAL PROCESSES	45
APPENDIX 1: STUDY KIT INFORMATION	48
APPENDIX 2: SCHOOL DISTRICT CONSOLIDATION DATA	50

EXECUTIVE SUMMARY

Decreased government education funding, declining student populations, lagging achievement, growing expectations for academic offerings, costly accountability measures, and high property taxes compel us to question whether school district consolidation makes sense in our area.

Recommendation

After a year-long study, The League of Women Voters of Roselle-Bloomington recommends that all-five Lake Park High School feeder school boards jointly commission an expert report to determine the financial impact of consolidating district administrations. The report should determine district consolidation impact on property values and property taxes and answer the communities' questions about the pros and cons of school district consolidation. Such a report would be funded by the state, which is highly motivated to consolidate school districts.

High number of school districts

High number of small, school districts a factor in property taxes, government efficiency

The 852 public school districts in Illinois -- the third highest number of school districts in the nation -- are often cited as a driving factor for Illinois' high property tax rate. There are 42 school districts in DuPage County and 27 of those districts have fewer than 750 students, including Medinah SD11 and Roselle SD12. These districts were formed when much of DuPage County was rural or consisted of small towns. They no longer represent a cost-efficient educational structure for a mixed-income, high-density suburban community such as ours. District consolidation would reduce the number of tax levies for the territory. One business official will administer one set of books, rather than multiple district business officials administering multiple sets of books. County clerks would be dealing with fewer levies.

Optimal district size

The consensus of multiple studies is that optimal district size operates along a U-shaped curve. Districts are very inefficient when they are small and efficiency drops off as districts get larger. Smaller districts with declining student populations have the most to gain from consolidation. Illinois' \$631 per pupil spending on district administration is more than double the national average. Consolidating local school district administrations that operate in close proximity would allow districts to redirect those savings to direct classroom spending. There is a strong statistical link between student outcomes and higher spending on instruction across all 50 states, but no relationship between education quality and higher spending on general administration.

No unit district, school consolidation or loss of local identity

Consolidation would require each consolidating district to match the teacher salaries of the highest paid district. The study concluded that moving to a unit district in the area is not advantageous from a financial standpoint due to the large disparity in teacher salary guides between Lake Park and the feeder districts. Another concern would be the difficulty for school boards to choose expense allocations between elementary and high school needs. In other words, crayons versus football helmets. Qualitative discussions with larger school districts discovered that each elementary, middle school, and high school still have unique personalities and a neighborhood feel. Loss of local identity is minimal and there is no consideration of

consolidating schools or changing school boundaries. The proposal is solely centered on consolidating administrative expenses. No one will lose their local schools or teachers.

Troubling financial factors and trends

The majority of school system revenue is derived from both property taxes and evidence-based state funding. Funding education through property taxes is a regressive system that produces tremendous inequality because it relies mostly on a revenue source that is *unequal* between communities. Property values vary a lot from neighborhood to neighborhood, district to district. And with them, tax revenues. Property tax rates, which typically provide around two-thirds of revenue for school districts, have been at a relatively high level. Importantly, the quality of a child's education should not depend on whether the district in which they live has greater commercial zoning. Enlarging the geographic scope of individual districts through district consolidation would distribute the supply of commercial tax revenue generators more fairly. Commercial property tax bills for an income-generating building are typically much larger than residential bills. This is often due to the size of the property and its assessed value. In addition, commercial properties add revenue without adding students to educational system costs.

Tax caps limit the amount of increased property taxes governments can collect to the rate of inflation. Even if the price of homes or commercial properties go up, the amount of money a school district can access is capped. Struggling school districts can try for a tax rate increase to generate needed funds. If that doesn't work, a district can make more severe cuts until a referendum gets passed. Last, the *Operations and Maintenance and Life Safety* funds used for building maintenance often reflect deteriorating balances. Rising utility costs and other facilities expenses are not able to be passed along to taxpayers easily.

Evidence-based funding takes into account a district's total enrollment, poverty rate, the number of English language learners and other factors. Declining enrollment, a reduced Census poverty count, fewer ELL students, etc. can cause a reduction in state revenue. Student enrollment in our area has been declining, with an average decline of 3.2% across the five elementary feeder districts.

Significant administrative savings

Combining all the feeder districts in the High School District 108 attendance area into a single district would result in a total student population of approximately 5,055. A key analysis involved looking at the total administrative costs for a comparison district with similar enrollment to a proposed consolidated elementary district for the SD108 attendance area.

Administrative costs for Elementary School District 58 with enrollment of 4,802 are approximately \$1.5 million annually, versus approximately \$4.8 million in total administrative costs for all five elementary feeder districts.

Let's look at this on a per pupil basis. Illinois spends \$631 per pupil on district administration which is more than DOUBLE the national average. Among the LPHS feeder districts, district administration per pupil runs from a high of \$1,269 in Itasca to a low of \$621 in Bloomingdale

with an average of \$992 per pupil. Our comparison district, Downers Grove School District 58, spends only \$321 per pupil – which is in line with the national average.

Economies of scale could be realized in both purchasing and staffing in areas such as accounting, legal, construction, operations and transportation. In addition, there is the potential to close some district administration buildings or make better use of buildings once they are open to a larger area rather than just a certain district.

Moreover, under Illinois' Regular Tier 1 and Tier 2 plans, the Final Average Salary, which helps determine pension payments, is calculated based on the member's highest average salary earned during four or eight consecutive years out of the last 10 years of service, respectively. As a result, some highly paid superintendents receive pension payouts that total many times the contributions they originally paid into the system. Employee deposits as a percent of lifetime payouts for four former superintendents in our area averaged only 6.25%. While pension payments do not count toward district finances, they contribute to the overall tax load of Illinois taxpayers. Since superintendent contracts tend to run from 3-5 years, educating school boards and the community on administrative costs savings should be done sooner rather than later.

Special education cost reduction and risk management

Special education is very expensive. Special education nationwide costs almost twice as much on average as general education. An older study from Duke University found that a special needs child's attendance in an early education program reduced the likelihood that a child will need special education in third grade by 39 percent. There are financial as well as educational benefits to this reduction. A reduction in the number of students with special needs, therefore, can have long-term financial benefits for states and school districts. Our feeder districts currently use the services of two special education cooperatives – requiring yet another administrative layer. Consolidation could reduce the need for these expensive alternatives as some services could be brought in house more easily. It also could provide a revenue stream if a consolidated district were to offer some of the services provided by its coops to other nearby districts. Last, the cost of educating a single student with extraordinary special needs would not be concentrated in a small district, but spread across a larger tax base and more efficient administrative structure.

Redirecting administrative expenses to attract high-quality principals, teachers, paras

Across the country, education is facing a shortage of education professionals that is nearing crisis level. The pandemic, political, social, emotional and academic battles have led to universal levels of exhaustion – leading to high rates of education exodus. Moreover, in this post-pandemic employment market you've got a shift in the workforce. Teachers have a valuable skill set. And the private sector can pay them more than they are getting paid in the classroom – with the added incentive of maybe working three days a week at home and two days in the office.

Research shows that high-quality teachers are the most important determinant of student learning. The current severe principal, teacher and paraprofessional shortage means

competition for high quality educational staff will be high. Redirecting salary expenses from administration to higher teacher and paraprofessional salaries may be beneficial in attracting high-quality staff in sufficient numbers to achieve desired academic outcomes. While teachers have the highest in-school impact on student success, principals are a close second. A larger district can develop more support and training to increase all-staff quality recruitment and retention. We also need to pay attention to supporting the social/emotional and other support needs of our educational staff. Staff morale can best be accomplished with a consolidated community approach.

Other important value-added benefits

Consolidating all five, small Lake Park High School feeder districts will improve consistency and articulation between the feeder schools and the high school, increasing the quality of educational programming for all students. In addition, a broader student base allows for increased efficiency in both curriculum and extra curricular programming. For example, additional teachers could be shared among schools for advanced math, gifted education, foreign languages, technology, social and mental health supports, reading specialists, tutoring, after-school programming and music. Redirected spending could also go to instructional coaches and differentiated curriculum. In addition, a larger district may be able to offer a STEM Academy. Cooperative staff development could maximize student outcomes at a lower teacher training cost. Every district has outstanding teachers that could be used as shared instructional coaches to capitalize on strengths and mitigate weaknesses. In the study area, for example, Roselle SD12 is the only middle school with a marching band and Keeneyville SD20 has a thriving *Gifted and Talented* program. Pockets of excellence can be studied and shared.

Factors to address in school district consolidation

Administrators with high salaries and pensions are often the chief opposition to more efficient school districts. In addition, differences in district finances, including teacher salaries, debt or outstanding property maintenance issues can cause resistance. When districts of different socioeconomic profiles combine, concerns tend to arise from the more prosperous systems. Considerations to address during consolidation planning include:

- A drop in average student achievement data in some elementary districts if the testing base is broadened to include lower-achieving districts.
- Increased labor costs since teacher salaries need to be renegotiated to match the pay scale of the highest paying district.
- A loss of identity, local control or access to administrators in a larger district.
- Facilities upgrades needed at both Medinah SD 11 and Bloomingdale SD13 that would be distributed among all taxpayers in the newly consolidated district and would hopefully be addressed prior to or as part of the consolidation process.
- In a consolidation, the consolidated district would carry and be responsible for paying off the long-term debt of all the districts that formed the consolidated district, but the taxes levied to pay that long-term debt would **not** be shared amongst all taxpayers. In a consolidation, taxes for long-term debt remain taxed in the area where it was originally incurred. Districts that have not passed a facilities upgrade with a referendum prior to

consolidation need to be addressed. Ensuring stakeholders of what will occur with bonds and facility improvements within a consolidated district will be key.

Critical understanding of consolidation benefits

Understanding that all the elementary feeder school districts feed into Lake Park High School is critical to this consolidation decision. Those in favor of consolidation tend to focus on the opportunity to work together to bring efficiency, consistency and equity to the education of its children. A parochial attitude toward elementary districts does not make sense when five districts feed into the same high school.

Harvard economist Raj Chetty uses social media data to prove that places that have more connections between low-income and high-income people have much greater rates of upward mobility. Cross-class relationships allow low-income people greater opportunity to climb the economic ladder. Education quality - even as early as Kindergarten - has a large effect on kid's lives. Education experts from Princeton University, Columbia University and City University of New York, report that increased funding equity correlates with a decrease in crime, welfare, and incarceration, along with an increase in wages. In fact, the study found that in the long run, investment in education saves money due to decreased spending on public health, the criminal justice system and welfare systems.

State financial incentives

Public Act 101-0181 created a Property Tax Relief Task Force in 2019. The Task Force was composed of members of both legislative chambers and both political parties and was charged with analyzing the property tax system that is too burdensome to too many Illinois families. One of their recommendations centered on school district consolidation. To encourage consolidation, there are four state funding incentives available to school districts:

1. If, after consolidation, there is a difference in state funding (a decrease), the state covers that difference for four years.
2. If, after consolidation, there is a difference in teacher salaries (an increase), the state covers that difference for four years.
3. After consolidation, the state will pay \$4,000 per full-time, certified staff, such as teachers and counselors, for up to three years.
4. If, after consolidation, there is a difference in key fund balances (education, operations & maintenance, transportation, working cash), the state covers that difference for one year.

Best practices in implementation

Best practice is to allow a minimum of one year between the approval of the merger plan and the actual effective date of the merger to give districts time to engineer a smooth consolidation. In addition, current employees should be housed under one roof and held harmless for the first two years, allowing better focus on merging best practices and time for eliminated administrators to find another position. Such a timetable would allow all communities and individual school districts greater comfort in adjusting to the change.

Consolidations are a form of reorganization where a new school district is created. Following consolidation, a school board for the new district is elected and new property tax rates are determined. To eliminate concerns over loss of local control, a consolidated school board should not be elected at large. Proportional representation, which restricts the number of board members that may be elected from any given area, will ensure that the consolidated school board will be representative of all areas in the high school attendance boundaries.

Costs of A Study

The LWVRB recommends LPHS elementary feeder districts undertake a formal school district consolidation study to merge all five elementary districts. The state allotment amount for FY 2024 studies will be the cost of the study, up to a maximum of \$15,125. We contacted several educational consultants; the most qualified consultant, Dr. William Phillips of Midwest School Consultants, will accept the ISBE maximum reimbursement of \$15,125 for a reorganization feasibility study for the five elementary districts. Therefore, none of the districts would bear any cost to analyze elementary school district consolidation of the LPHE feeder districts.

Intergovernmental agreements

Governor Pritzker signed The Decennial Committees on Local Government Efficiency Act into law (Public Act 102-1088). The new law brings even more pressure to engage in cooperative agreements to lower the cost of education by requiring an annual report that summarizes district attempts to improve fiscal efficiency through shared services or outsourcing. Rising school expenses have caused many Illinois districts to engage in cooperative agreements to reduce expenses. For example SD12 shares a special education administrator with NDSEC, its special education cooperative. As consolidation can take years, intergovernmental agreements should be accelerated both to realize savings as soon as possible and to smooth implementation.

Conclusion

Even taking into account the concerns listed above, the significant long-term administrative and pension cost savings that could be redirected to the classroom in a rising cost environment – as well as the attractive financial incentives offered by the state – suggest consolidation is an issue that we must address sooner rather than later.

There will likely be administrative cost savings, but will these savings be enough to cover additional expenses such as moving all of the elementary teachers to the highest district salary guide? We must ensure that the financial implications of consolidation will be carefully reviewed by the consulting team – and that the following central issues are taken into account.

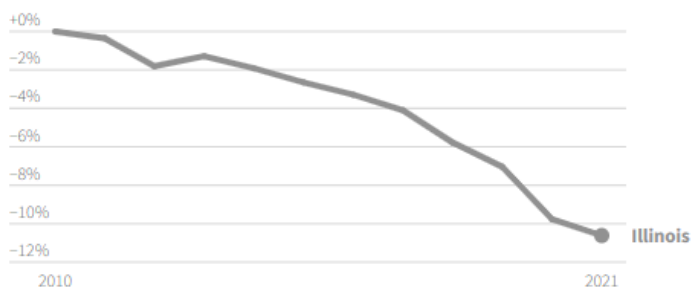
Across the country, education is facing a shortage of education professionals that is nearing crisis level. The pandemic, political, social, emotional and academic battles have led to universal levels of exhaustion – leading to high rates of education exodus. Moreover, the post-pandemic employment market created a shift in the workforce. Teachers have a valuable skill set. When the private sector can pay them more than they are getting paid in the classroom – with the added incentive of maybe working three days a week at home and two

days in the office – maybe paying teachers more is a better use of funds. Most of the feeder schools tend to keep pay parity among each other. Most important, the study must include a long-term analysis that takes into account the high pension payments of administrative personnel.

WHY ARE WE DOING THIS STUDY? THE STUDY AREA

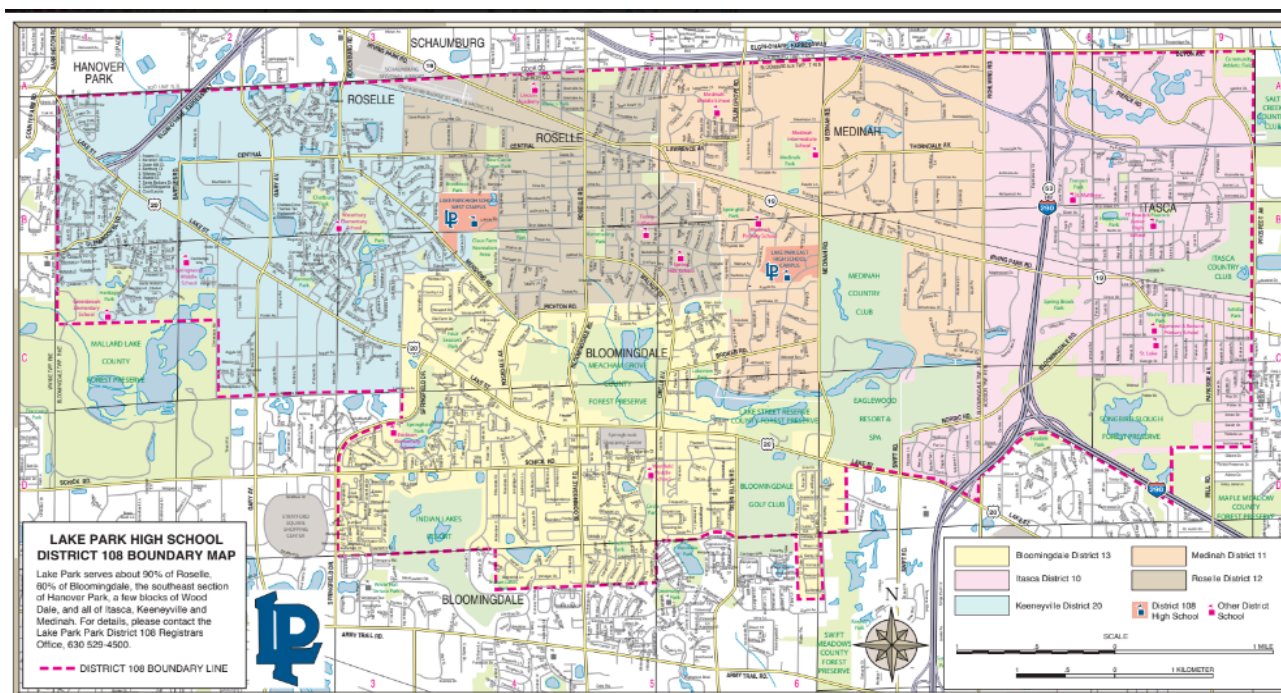
According to Dr. Darlene Ruscitti, former DuPage County Regional Superintendent of Schools, there are 42 school districts in DuPage County and 27 of those districts have fewer than 750 students. Two years ago, the county educated 180,000 students; in 2022, the county student population has declined to 150,000 students. This trend is indicative of declining student enrollment across the state:

Change in public school enrollment since 2010



Source: USAfacts.org

Lake Park Community High School District 108 is home to one high school. Lake Park High School is a four-year public high school occupying two campuses, both located in Roselle, Illinois. Students from Roselle, Medinah, Bloomingdale, Itasca, Wood Dale, Keeneyville, and Hanover Park attend the school. Enrollment was 2,527 as of 2021-2022. A map of the attendance area is below:



The following Elementary School Districts feed into Lake Park High School and the area is served by two special education cooperatives:

- Itasca School District 10
 - Raymond Benson Primary School (K-2)
 - Elmer H. Franzen Intermediate School (3-5)
 - Peacock Middle School
- Medinah School District 11
 - Medinah Primary School (PK-2)
 - Medinah Intermediate School
 - Medinah Middle School
- Roselle School District 12
 - Spring Hills School
 - Roselle Middle School
- Bloomingdale School District 13
 - Erickson Elementary School
 - DuJardin Elementary School
 - Westfield Middle School
- Keeneyville School District 20
 - Early Childhood Center
 - Greenbrook Elementary School
 - Waterbury Elementary School
 - Springwood Middle School
- North DuPage Special Education Cooperative (NDSEC)
- School Association for Special Education in DuPage County (SASED)

We noted that both Preschool for All programs at Medinah SD#11 and Keeneyville SD20 were recognized by the Illinois State Board of Education for achieving the GOLD Circle of Quality.

The League of Women Voters conducts formal studies to create our positions, and issues reports to present current information about important subjects. If League members approve the study findings through an exhaustive discussion of pros and cons called *Consensus*, then the League can take action. Next steps include presentations and surveys to determine each district's community attitudes toward reorganization. Once we have compiled community attitudes, our study group will send an inquiry letter to each district in the study area to determine their openness to reorganization, with an offer to present our findings to each local school board. If the school boards are resistant, a citizens' drive can file a petition for reorganization. The Illinois State Board of Education (ISBE) provides technical assistance for citizens investigating reorganization options. Questions on School District Reorganization options and processes can be addressed to:

Michelle Heniger, Illinois State Board of Education
School Business Services Division
mheninge@isbe.net
217 785-8779

Given the districts under consideration above, this study will examine the pros and cons of three different consolidation possibilities:

1. Two or more entire contiguous elementary districts may form a new elementary district.
2. Two or more entire elementary districts that are not contiguous but are collectively within the boundaries of a high school district may form a new elementary district.
3. Any contiguous and compact territory, no part of which is included within any unit district, may form a new unit district.

STUDY COMMITTEE MEMBERS AND BACKGROUNDS

Dorothy Hildebrandt

Dorothy joined the LWVRB in 2020. She graduated from Valparaiso University with a teaching degree in math and science. She taught at both the high school and junior high school level. She was also the homebound teacher for Lake Park High School. After attending College of DuPage computer and accounting, she became the business manager at Trinity Lutheran Church and School where she served for 15 years. Over the years, she has served on a number of Boards including: Concordia Chicago University; Lutheran Child and Family Service; Lutheran Women Missionary League (district and national); and the Lutheran District Administrative Services Committee. Dorothy has been an election judge for over 30 years. Currently she is working with a volunteer tutoring service. Dorothy and her husband Dan moved to Roselle in 1960, where he became the Math Department Chairman at Lake Park High School. They raised three children in Roselle.

Barbara Hochstadt

Barbara is a founding member of the League of Women Voters of Roselle-Bloomingtondale and also serves as our League's Communications Director. She has an undergraduate degree in Economics from the University of Illinois and a Master of Business Administration degree from Northwestern University with concentrations in Marketing and Operations Management. Barbara worked as a computer security analyst for Continental Bank for three years and Navistar for 10 years. After earning her MBA, Barbara worked as a systems analyst for Navistar. She co-founded Affiliated Marketing Partners which provided marketing and communications services to Main Street businesses and the commercial trucking industry. Barbara is a former member of the School District 12 Board, the North DuPage Special Education Cooperative Board, and a two-term Trustee for the Village of Roselle. Barbara served as the Communications Lead for the successful Roselle Park District Referendum for the renovation of the Kemmerling Pool and Park. She also served as a communications leader on the Lake Park indoor pool referendum.

Donna Limper

Ms. Limper is the Issues and Advocacy Chair for the League of Women Voters of Roselle-Bloomingtondale and also serves as the Money in Politics specialist for the state League. She has an undergraduate degree in Business Administration from the University of Illinois and a Master of Management degree from Northwestern University with concentrations in marketing, finance and business policy. She holds a second master's degree from National-Louis University in K-8 education with a special education endorsement, and currently works as a

special educator with the North DuPage Special Education Cooperative. Professionally she has worked in financial research and public relations, non-profit fundraising, and has spent over 20 years in the field of education. In December 2019, she accepted a Citizen Initiative Award from Citizen Advocacy Center for her work advocating for improved ethics in DuPage County.

Mike Murray

Mike served on the Roselle District 12 School Board and the YMCA Policy Committee. He also volunteered with Exodus World Service as a citizenship tutor and as a member of their New Neighbor Program. Currently he serves on the DuPage County Prevention and Leadership Team and is a member of the School Committee. In addition, Mike is a member of the League of Women's Voters Roselle-Bloomington where he worked on the Roselle Bloomington Mental Health Board study and worked for the creation of the Bloomington Township 708 Community Mental Health Board. In the November 2022 election, he participated on the committees that worked to pass referendums for Community Mental Health Boards in seven other communities. To promote the work of the 708 Board Mike established the Bloomington Township Mental Health Auxiliary Facebook page which works to keep the community informed on the issues of Mental Health, Substance Abuse, and Developmental Disabilities. Mike and his wife, Barbara, have lived in the community since 1985. They are longtime active members of Trinity Lutheran Church in Roselle.

Kyle Lowry

Kyle Lowry is an eight year resident of the Roselle community. As a parent, he is interested in the local education policies and structures in his community. Further, he thinks it is important that districts provide all children with an equitable education, while being as fiscally responsible as possible.

Michele O'Neill

Michele O'Neill is a founding member of the League of Women Voters of Roselle-Bloomington. She previously served as the Secretary of the League of Voters of Glen Ellyn. A resident of Bloomington since 2003, both her children attended District 13 schools and Lake Park High School. Michele received her PhD in British and Irish history in 2013 and currently works as a training grants administrator and database analyst in the Biological Sciences Division at the University of Chicago.

LWV OF ILLINOIS GOVERNMENT CONSOLIDATION POSITION

The League of Women Voters of Illinois supports the efficient and effective operation of government. Consolidation of governmental units and the sharing of major governmental services may be a way of promoting the efficient and effective operation of government.

In achieving this goal, the League supports a cooperative and transparent process, in which citizens have sufficient and timely information with which to make informed decisions about proposed actions, and well-defined channels for citizen input and review.

Administrative and fiscal efficiency should be included in the criteria by which local governments consider whether to consolidate or share major services. The League supports a system of state-funded grants to local governments to study the feasibility of the consolidation of governmental units or sharing of governmental services. In determining whether to support a consolidation/ shared services proposal at the local level, as a way of making government more efficient and effective, local Leagues must consider both the adequacy of the process and the likely effects of the proposal's implementation.

In determining whether to support a consolidation/shared services proposal as a way of making government more efficient and effective, local Leagues should apply the following criteria. While it is not necessary that each standard be met, the League recognizes that these standards represent potential benefits of consolidation, leading to more efficient and effective government:

- Will the proposal result in projected cost savings and a positive effect on taxes over the long term?
- Will the proposal either result in an increased quality and/or efficiency of services or, at a minimum, maintain services at existing levels?
- Will the proposal fairly address disparities in employee contracts and learning opportunities for students?
- Will the proposal result in increased social and economic justice?
- If the proposal concludes a reduction in the number of school districts is financial and academically beneficial, will it reduce community engagement in the schools?

As used in this position, consolidation refers to both the process of consolidation and the process of dissolution.

SCHOOL DISTRICT CONSOLIDATION BACKGROUND

When it comes to education, decreased federal, state, and local funding for schools, declining student populations, lagging achievement and costly accountability measures compel us to question whether we are getting the most out of every education dollar. State Legislatures and school districts across the nation are searching for ways to save money, do more with less, and still provide the growingly complex academic offerings the public expects – especially when the economy is struggling.

According to a Better Government Association analysis, Illinois has more units of local government than any other state in the union -- nearly 7,000. As of July 1, 2021, there were 852 public school districts in Illinois -- the third highest number of school districts in the nation. Only Texas and California have more school districts, however, their populations are more than double the population of Illinois. The vast number of local governments in Illinois are often cited as a driving factor for Illinois' high property tax rate. Local school districts typically make up the largest share of a property owner's tax bill.

Consolidations are a form of reorganization where a new school district is created. Following consolidation, a school board for the new district is elected and new property tax rates are determined. Newly consolidated districts are eligible to receive incentive payments from the state – but if those incentives were claimed by a large number of concurrent district consolidations, those claims would severely strain the state’s education budget.

The Illinois State Board of Education began tracking school district consolidations in 1983. Between 1983 and 2017 there were 62 school district mergers, mainly in rural communities. The Classroom First Commission -- a state commission established in 2011 to study school spending and district consolidation – found that smaller districts have the most to gain from consolidation. Districts with more than 10,000 students may not gain as many benefits. In addition, small districts in Illinois with declining student populations may want to consider consolidation to maintain academic offerings and services.

The Classrooms First Act, unanimously passed the Illinois House Elementary and Secondary Education Committee. The Act had 18 bipartisan sponsors and called for community referendums on consolidating local school district administration in order to redirect the resulting administrative savings to direct classroom spending. It amended the Conversion and Formation of School Districts Article of the School Code and created the School District Efficiency Commission to make recommendations to the Governor and General Assembly on:

- The number of school districts in the state
- The optimal enrollment for a school district
- Where reorganization and realignment of school districts would be beneficial
- Specific propositions to reduce the statewide total number of school districts by no less than 25% through the reorganization into unit districts (a unit district combines elementary and high school districts).

Supporters of the bill said that it could save \$700 million by reducing administrative spending. “It doesn’t force consolidation, it doesn’t close down any schools, it doesn’t require the termination of any person within any school building,” Mayfield explained. “It simply creates a commission to look at all of the school districts across the state of Illinois to look for where it would make the most sense for a school district to consolidate.”

A minimum 25% reduction in bureaucracy is roughly the amount needed to bring Illinois in line with the national average. The bill would require all newly formed districts to be unit districts, meaning they’d serve both high schools and elementary schools. Unit districts spend money more efficiently on average in Illinois, spending \$12,704 per student compared to \$17,368 for high-school-only districts and \$14,001 for elementary-only districts.

Although HB7 failed to pass a House vote in April 2021, (42 Yea, 55 Nay, 17 other) its chief sponsor Rita Mayfield, may try again to pass the bill in the future. Mayfield mentioned that her bill has seen significant pushback from lobbyist groups representing the interests of superintendents.

Illinois Policy collected data that shows states with larger average district sizes tend to spend less on general administration. Illinois' \$631 per pupil spending on district administration is more than double the national average. "Among large states, there is a strong correlation between students per district and general administration spending. . . Similarly, there is a strong statistical relationship between higher spending on general administration and higher property taxes ($r = 0.61$). In other words, states with less district overhead also tend to put less of a burden on local taxpayers overall."

Illinois has too many districts serving too few students

General administrative spending per student, enrollment, students served per district, number of districts and number of districts were Illinois to match students per district ratio of states near or above 2 million students

State	Admin./student	Enrollment	Students/dist.	Dists.	IL prop.
Illinois	\$598	1,984,519	2,329	852	852
New York	\$363	2,598,921	3,761	691	528
Texas	\$145	5,431,910	4,527	1,200	438
California	\$126	6,359,760	5,459	1,165	364
Florida	\$87	2,846,857	37,958	75	52
United States	\$237	50,314,320	3,080	16,337	644

Table: @illinoispolicy •

Source: National Education Association Statistics and Rankings 2018, U.S. Census Bureau Annual Survey of School System Finances •

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A 2018 Illinois State University dissertation by James Hayes III used a quantitative correlational research design to explore the state-specific effect of district size on student achievement and district expenditure. A statistical analysis of Illinois school districts found that "school districts with bigger district size had greater student achievement and school districts with bigger district size had lesser district expenditure. These results serve as empirical evidence that school district economies of scale do exist in terms of student achievement and district expenditure, and that an ideal school district size can be realized." Mr. Hayes used districts in the state of Illinois as the data set – excluding the City of Chicago School District. The results showed the independent variable—district size—had a low, positive effect on student achievement (0.4% of the variance in the regression model) but a moderate effect on district expenditure (23% of the variance in the regression model). In summary, the quantitative analysis found that the size of the district does not have a significant effect on student achievement but does have a significant effect on the expenditure of a district: the larger the district, the smaller the expenditure. The results of his study lend support to the findings of other researchers who endorse consolidation as a consequential educational reform based on positive gains in both increased student achievement and expenditure savings.

Researchers Eric Houck and Kevin Bastian of the University of North Carolina summarized the available research on optimum school district size: "The overall consensus seems to be that district size operates along a U-shaped curve. Districts are very inefficient when they are small, there is a sweet spot in the middle where they operate efficiently, and that efficiency drops off

as districts get larger. Literature reviews offer varying conclusions on levels of optimum school district size:

1. As enrollment increases above 15,000, districts become less efficient as there is an inflection point of diminishing returns.
2. The optimal size for cost effectiveness, according to Andrews, Duncombe, and Yinger (2002), is a district of about 6000 students.
3. An older study conducted in 2013 by the Center for American Progress suggested that the optimal school-district size is around 2,000 students to 4,000 students and concluded that Illinois' 380 small, nonrural districts potentially cost upward of an additional \$90 million each year.
4. A 2014 Journal of Education Finance article analyzing the efficiency of Massachusetts' school districts indicates the optimal school district size for cost efficiency is somewhere near 3,000 students.

While many districts could spend education dollars more productively, the best solution for one district may not be the best solution for another. The context of local districts matter; factors such as enrollment, geography, transportation, assessed valuation, wealth distribution, staffing quality and costs, building operations and more are interrelated. The composition of students in a school district can impact efficiency. Schools and districts with higher concentrations of high-need students have higher costs, which can impact efficiency gains. It's important to remember that efficiency does not always equate with saving money.

Our study consensus questions focused on improving the quality of education at the same or reduced cost. When school districts were first developing in the 1800s, natural boundaries defined district borders. However, districts that were wealthier in assessed valuation tended to set their boundaries so as not to include areas in the district that were less wealthy. Given Illinois' high dependence on property taxes to fund education, we must consider inequities in funding as it relates to student outcomes.

District reorganization tends to meet with significant resistance from local school districts. Administrators with high salaries and pensions are often the chief opposition to more efficient school districts. In addition, jobs associated with one or more of the school districts can be lost, further affecting the local economy. Merging district office staffs can occur through retirement by some personnel, assignment to other jobs within central services, and/or assignment to school-level positions. Any of these can impact cost efficiency results. Last, differences in district finances can be a big sticking point, especially if one district has debt or pays their teachers and staff higher wages or if one district has major outstanding property maintenance issues.

When districts of different socioeconomic profiles combine, the majority of those who speak against consolidation tend to be from the more prosperous systems. Those concerns center on loss of local control defined by a belief that their system is doing well and that they would be sacrificing their children and possibly property values to save a failing system. The level of success that a newly consolidated system can expect after consolidation depends in part on

how well the individual districts were doing prior to consolidation. Lower performing districts with less money tend to fare better after consolidation, while higher performing districts can see student achievement drop somewhat.

Those in favor of consolidation tend to focus on the opportunity to work together as a community to bring efficiency, consistency and equity to the education of its children.

State legislation has removed many of the financial disincentives to school district consolidation. In addition, there are now multiple means to implement reorganization. These incentives and implementation alternatives are critical as small districts are finding it increasingly more challenging to fund quality education in an efficient manner that takes advantage of economies of scale.

CONSOLIDATION FACTORS

District Population Size

In 2011, Governor Pat Quinn's *Classroom First Commission* studied school spending and district consolidation. The Commission determined that smaller districts have the most to gain from consolidation; larger districts, with more than 10,000 students, may not gain as much. Small districts that are losing students also may want to consider consolidation. The population of Lake Park High School District 108 is approximately 2600 students. The six feeder elementary/middle school districts range in population from a low of 672 students in Medinah School District 11 to a high of 1371 students in Keeneyville School District 20. Combining all the districts in the High School District 108 attendance area into a unit district would result in a total student population of approximately 8,590. Combining only the five feeder districts would result in a total student population of approximately 5,055.

Utilization of Classroom Space

As demographics change, schools reaching capacity limits could utilize space in other districts. This could be done easily in a consolidated district or a leasing arrangement could be implemented between districts if consolidation is not favored.

Teacher Salaries, Benefits and Pensions

Teacher salaries need to be renegotiated to the higher pay scale of combined districts. However, the state does provide a four-year financial incentive to cover such increases.

A Business Insider article highlighted the following statistics about teacher pay in the United States:

- According to a recent Economic Policy Institute report, teachers are paid 21.4% less than similarly educated and experienced professionals.
- The US ranks seventh in the world for teacher pay — but pays less than half of what the No. 1 country pays its teachers.
- According to NEA Today, around 16% of teachers hold a second job over the summer, and 20% of them hold a second job year-round.

- In 2018, the National Center of Education Statistics found that teachers were spending an average of nearly \$480 a year out of their own pockets for classroom and student supplies, nearly double the \$250 federal tax deduction available to teachers.
- The average school day is only about 7 hours long, but according to EdTech Magazine, the average teacher usually works 12 to 16 hours a day.
- In April 2019, the National Education Association found that the average teacher salary actually decreased, rather than increased, over the past decade by 4.5%, when adjusted for inflation.

Principal, Teacher and Paraprofessional Shortage

An investigation by Illinois Answers Project found that Illinois saw 2.5% of its principals resign in 2018, while that number shot up to 5% in 2022. “Many principals say they are leaving their jobs because they lack the support, time and resources to do their work effectively and avoid burnout. Those pressures only increased during the pandemic. Principals establish the vision that all staff and students try to achieve academically and socially. But for these changes to happen, principals typically need to stay at a school from five to 10 years, according to the Illinois Principals Association. But current statistics reveal, Illinois schools on average have two principals every six years.” Moreover, the number of applicants completing principal programs has dropped more than 75% from 2011 to 2020.

The US has been experiencing a teacher shortage since the 2008 recession. The shortage is especially severe in poorer school districts, where teachers tend to have “less experience and credentials.” The paraprofessional shortage is even more severe. A Capital News Illinois article, *State board data shows unfilled classroom positions reached a five-year high in 2022*, reported “more than 5,300 classroom positions, including administrative and support personnel, went unfilled in 2022. Given current staff shortages, redirecting salary expenses from administration to higher teacher and paraprofessional salaries may be beneficial in attracting high-quality staff in sufficient numbers to meet student needs. The article included a quote from the Illinois Association of Regional Superintendents, “No matter how much we’re trying, we’re not filling all the positions and the ones we are filling are people who aren’t necessarily qualified to teach what their assignment is.”

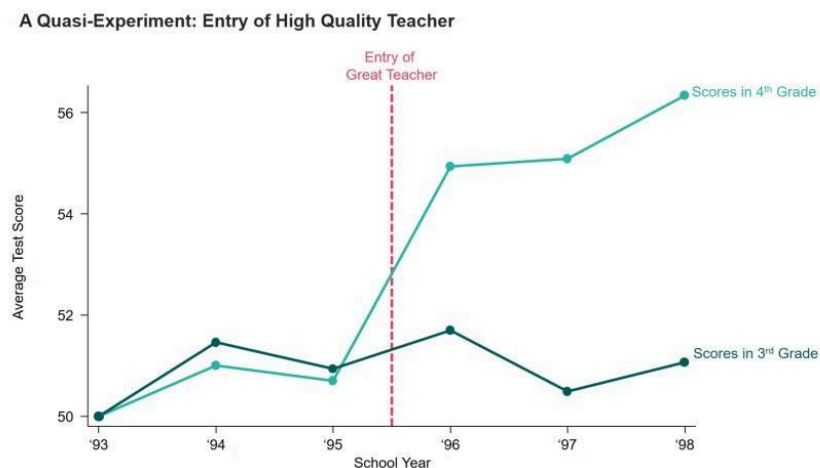
Teacher Quality and District Population Socioeconomics

Residents of the affected districts also would have to agree on what types of classes the combined district would offer and what standard of academic achievement it would strive for before deciding to share the same tax rate.

Studies by Harvard economist Raj Chetty use social media data to provide first-of-their-kind insights about social relationships in America. According to these scholars, these online connections provide insight into relationships that are formed in an unequal society, where the advantaged and disadvantaged often move in different social circles due largely to where we grow up, the schools we attend, the jobs we do, and the activities and organizations we participate in. Their findings underscore that places that have more connections between low-income and high-income people have much greater rates of upward mobility. They provide

evidence that cross-class relationships are the reason why low-income people are much more likely to climb the economic ladder. His key education findings include:

- Education quality - even as early as Kindergarten - has large effects on kid's lives
The famous Tennessee STAR experiment randomized students into different classrooms in kindergarten through 3rd grade. Test scores went up for a few years, but by 4th grade there was no difference. So did these classrooms matter in the long run? We studied the long-term outcomes of these students and found an unambiguous answer: yes. Better classrooms, even for students as young as 5, had large impacts on college attendance, earnings, and even the fraction of girls who had children as teenagers. Medium-run test scores give a misleading picture, perhaps because better classrooms have persistent effects on children's non-cognitive skills.
- Traditional "value-added" measures accurately capture the effect of teachers on student test scores. Many educational reformers advocate for measuring teacher quality based on student test scores, often called "value-added." But how can we know whether this accurately measures the effects of teachers on student learning, or whether it just reflects the types of students a teacher happens to have in class? We studied 2.5 million students and more than 18 million test scores to show that value-added measures do, in fact, measure the effects of teachers on students. We did so by looking at teachers who switched into and out of grades and subjects. When a great teacher arrives, test scores jump up (and stay high); when a great teacher leaves, we see the reverse.



- High quality elementary teachers generate large long-term gains for students, including higher college attendance rates and larger earnings. Students taught for a single year by a great teacher (in the top 5% of the distribution of teacher value-added) instead of an average teacher earn \$50,000 more over the course of their careers. This adds up to an increase in future earnings of \$1.4 million for an entire class taught by a high-quality teacher. Students taught by high quality teachers are also more likely to go to college, live in better neighborhoods, save more for retirement, and, for female students, are less likely to have children as teenagers.

Curriculum Alignment and Student Services Differences

A new curriculum map would need to be written that integrates desired local outcomes with Illinois learning standards. Such maps outline instructional materials, teaching and learning activities and assessment. Illinois Assessment of Readiness (IAR) scores should be examined for grades 3-8 in ELA/Literacy and Math. The Illinois Science Assessment (ISA) is administered to Grades 5 and 8. It would also be beneficial to analyze the Kindergarten Individual Development Survey (KIDS), which determines kindergarten readiness through assessments in social-emotional development, language and literacy, and cognition (math). A combined curriculum map could capitalize on the strengths of individual districts and mitigate weaknesses. This could be a significant benefit to high-school outcomes. Research shows that average annual learning gains for children in grades K-2 are dramatically greater than those for subsequent years of school. Moreover, early elementary education outcomes – particularly whether or not a child can read proficiently by third grade are a powerful predictor of high school and life outcomes. The award-winning pre-schools in both Medinah SD11 and Keeneyville SD20 could be replicated across the Lake Park High School community for dramatic gains in early education attainment - that would persist.

Tax Increment Financing (TIF) Districts

When a TIF district is created, the property taxes allocated to the school district (and all other taxing districts in the TIF district) freeze at the pre-development amount. The developer receives any increase in property tax payments due to the increase in the property value during the life of the TIF project (up to 23 years). If the property generated \$100 in property taxes before it was developed and generates \$300 after it was developed, the developer gets to keep the increment of \$200 for certain development costs while the school district and other taxing districts continue to only receive their portion of \$100. This aspect of TIF is especially harmful for school districts when the TIF project has a residential component. With such residential projects, some families with school-aged children will likely move in, and the children will likely attend the local school district. The school district, however, won't get additional funding.

Implementation

A smooth consolidation process can maximize outcomes. Sufficient funds should be allocated to educate the certified staff, students, parents, and the community at large about the culture of each district to be merged. Next, transition teams made up of board members, parents, students, teachers and taxpayers should educate the public through public hearings, forums, Q&A sessions and news articles to communicate the worth of consolidation to the community. Strong two-way communication between the transition team and the public is imperative to good pre- consolidation activities. Best practice is to allow a minimum of one year between the approval of the merger plan and the actual effective date of the merger. This gives districts time to plan and carry out the necessary steps for a smooth consolidation. Slate and Jones (2005) agree that early on an interim board of education must be formed to oversee the transition and later interview and hire the new superintendent and other key positions.

They further support the recommendation that current employees should be held harmless for the first two years of the new merger. This means that all current staff would be guaranteed

their jobs, at the same rate of pay, for the first two years following the merger. Committees made up of current, key players from the departments of Human Relations, Curriculum and Instruction, Finance, and Testing and Accountability are able to focus their attention on merging best practices when they do not have to worry about whether or not they have a job. Involvement in this development of new policy also creates buy-in of these employees for the new district. Those that choose not to move to the newly consolidated school district also have time to look for a position in another district. Another option is to hold personnel harmless until positions are freed up due to attrition.

Another suggested best practice is to house newly merged staff under one roof as soon as possible after merger (Titus & Ross, 2007). This allows current employees from all districts to easily meet and work together to create new procedure manuals.

CONSOLIDATION BENEFITS

Administrative Savings and Avoidance of Redundancy

An analysis from the Illinois Policy Institute showed a strong statistical link between student outcomes and higher spending on instruction across all 50 states, but no relationship between education quality and higher spending on general administration. Consolidating multiple districts that operate in close proximity can reduce spending on administration. Those potential savings could be redirected into classrooms or back to the property taxpayer. According to a 2017 Metropolitan Planning Council analysis, the sheer number and structure of school districts in Illinois result in high general administrative spending. “On a per pupil basis, collectively, school districts in Illinois spent \$518 per pupil for general administration—the second highest rate in the nation.” The analysis added that if Illinois school districts spent at the level of the national average, which is about \$210 per pupil, general administration spending could be cut nearly in half. Often those cost savings are redirected to the preservation or expansion of academic programs rather than a reduction in school finances. States with larger districts serving more students and more schools, on average, spend less on district-level administration and reduce the property tax burden on homeowners. According to the 2020 Illinois State Board of Education Annual Report, the average salary of Illinois superintendents was more than \$161,000 in the 2019 to 2020 school year while assistant superintendents averaged \$156,000. It should be noted that Superintendent contracts tend to run from 3-5 years, so educating school boards and the community on administrative costs savings should be an early consolidation education goal, and intergovernmental agreements between districts for new contracts would move the community further toward unification.

Pension Savings

In addition to administrative salary savings, decreasing district administrators through consolidation would reduce the pension benefits these employees receive upon retirement. Pension benefits are paid for by our state taxes and represent about a quarter of Illinois' budget.

Economies of Scale and Better Facilities Management

Economies of scale could be realized in both purchasing and staffing in areas such as accounting, legal, construction, operations and transportation. In addition, there is the potential to close some district administration buildings or make better use of buildings once they are open to a larger area rather than just a certain district.

Pooled Resources That Allow Increased Curriculum and Extracurricular Offerings

A broader student base allows for increased efficiency in both curriculum and extra curricular programming. If neighboring school districts cannot meet the academic needs of exceptional students or cannot afford a broad array of extracurricular activities, a unit district or larger elementary district might be able to augment opportunities by combining the resources of different school personnel. For example, the newly formed, larger district could share teachers among schools for advanced math, gifted education, foreign languages, technology, and music. Consolidation also can increase efficiency in meeting the needs of special education students. In addition, a larger district may be able to offer a STEM Academy. In the study area, for example, Roselle SD12 is the only middle school with a marching band and Keeneyville SD20 has a thriving Gifted and Talented program.

Special Education Efficiency and Cost Reduction

Districts are required to service the special education students in their attendance area, but special education is a very expensive endeavor – and the special education population is constantly in flux. The number of small Pre-K through 8 districts in the study area require the services of two special education cooperatives: the North DuPage Special Education Cooperative (NDSEC) and School Association for Special Education in DuPage County (SASED). Consolidation would reduce the need for these expensive alternatives for a number of students as some services could be brought in house more easily. It also could provide a revenue stream if a consolidated district were to offer some of the services provided by NDSEC and SASED to other nearby districts. Last, the cost of educating a single student with extraordinary special needs would not be concentrated in a small district, but spread across a larger tax base and more efficient administrative structure.

Better Consistency and Articulation in Pre-K-12 Decision Making

Given that students from our five feeder elementary and middle school districts will be together once they reach high school, greater consolidation or creating a unit district can result in improved consistency and curricular alignment – a more unified approach to Pre-K-12 academic, social, emotional and behavioral curriculum and instruction. Even if we retain dual district status, reducing the number of feeder districts can improve the articulation process for curriculum, pupil tracking and testing.

Reduction in the Number of Tax Levies in the Territory

District consolidation would reduce the number of tax levies for the territory. One business official will administer one set of books for combined districts, rather than multiple district business officials administering multiple sets of books. County clerks would be dealing with fewer levies.

Greater Equity in Service to Students and Equalization of Taxes

No matter where students live and attend school they should have access to the same quality of educational programming. Combining districts that are less wealthy with districts that are wealthier would result in a more equitable distribution of wealth inputs in public education, with the potential to advance economic development for the entire community. Pooled revenue allows for prioritization and allocation of resources that equalize per-pupil spending and maximize educational outcomes. Students that attend the same high school should not find themselves at a disadvantage in comparison with students from other elementary districts. While every school in a merged district might not offer the exact same program, all children would have access to the same resources.

Protection against Fiscal Zoning Which Restricts Housing Stock

The local practice of “fiscal zoning” involves municipalities zoning for large property-tax revenue-generating land uses like office parks and warehouses, while minimizing residential development. The incentive is to lower the percentage of school-age children who might move into the area in order to keep property taxes low, since school costs are the largest property tax component. Such practices can result in a local housing market that fails to produce enough supply to meet demand, pushing home prices upward. More importantly, the quality of a child’s education should not depend on whether the district in which they live has greater commercial zoning. Enlarging the geographic scope of individual districts through district consolidation would distribute the supply of commercial tax revenue generators more fairly.

Ability to Attract and Retain High Quality Education Professionals

Across the country, education is facing a shortage of education professionals that is nearing crisis level. A recent survey found that 63% of superintendents, administrators and principals have considered quitting as a result of the high-stress stakes of leading education today. The pandemic, political, social, emotional and academic battles have led to universal levels of exhaustion.

The Illinois Association of Regional Superintendents of Schools (IARSS) conducted a 22-23 Illinois Educator Shortage Study. Among the findings were:

- 76% of responding school districts reported problems with educator shortages
- 43% reported the shortage problem is getting worse
- 28% (2,787 of 9871) of posted educator positions went unfilled or were filled with a less than qualified candidate

Studies have shown that one of the largest contributing factors to student achievement is teacher quality. The best teachers will change districts for a higher salary. Consolidation requires equity pay scales for all teachers in the newly combined district. Raising salaries in the

less affluent districts would allow for recruitment of more highly qualified staff in schools that need to raise their academic standing in our community. Personnel across the consolidated district would be paid on an equitable scale – no matter where a teacher or principal works.

It also is important to note that salary levels for high school teachers in separate high school districts tend to be higher than salary levels for high school teachers in unit districts. Forming a unit district would necessitate raising elementary teacher salaries to the level of the high school pay scale, but longer term, unit districts hold down salaries of high school teaching staff.

Knowing that instructional quality is a significant factor in student achievement, a larger district could work with local governments to initiate staff benefits that would not cost the taxpayer monies. Such benefits could include part-time, additional job opportunities or workforce housing for local education professionals. In addition, local churches and civic organizations could be encouraged to include educational staff as beneficiaries of their community support programs – particularly in the area of child care.

Last, our community needs to understand the stress our education professionals are under and support them in meaningful ways.

More Flexibility in Staffing Patterns

Population changes per grade level could be addressed by shifting teachers among more schools and middle school “specials” teachers could be shared, providing a greater variety of offerings. If shifting population trends produce pupil-to-teacher ratios that fall below the state average of 19:1, a combined district would have the flexibility to control personnel costs through a more efficient deployment of teachers.

Staff Development

Cooperative staff development could maximize student outcomes at a lower cost. Institute days and school improvement days could focus on improvements in training, articulation, and staff collaboration that would again capitalize on strengths and mitigate weaknesses. Every district has outstanding teachers that could be used as shared instructional coaches. The development of class management skills and *Universal Design for Learning* excellence are of particular importance.

Potential Long-Term Reduction in Property Tax Loads

Average tax rates are lower in unit districts than in dual districts. In the short-term, taxpayers bear the cost of equalizing teacher salaries. However, administrative salaries represent a significant short- and long-term expense. More than three-quarters of Illinois’ superintendents have six-figure salaries. In addition, their high salaries lead to pension benefits of \$2 million to \$6 million each over the course of their retirements.

CONSIDERATIONS AND CONS

Potential Loss of state funding

Moving to a unit district may result in lower state funding due to lower formula restrictions for unit districts. For example, dual districts (separate elementary and high school districts) may levy without referendum \$.10 per equalized assessed valuation for health/life safety purposes, but if consolidated into a K-12 unit district may only levy \$0.05 for the same line item. This unit district drop would also apply to transportation funds and working cash funds.

Loss of Identity and Local Control

A school district can be a source of identity for a municipality or unincorporated area. Local residents may be concerned about a loss of that identity or a loss of local control. Smaller, local districts can provide more access to administrators or the school board to allow parents to advocate for their child. However, since we are not considering closing schools some degree of local control would be available and there would still be a sense of community pride. In addition, avoiding electing a school board at large would address this concern.

Transportation Costs

Transportation costs can increase if a significant number of students need to travel to access combined curricula or extracurricular activities – especially over a large geographic area. However, a 2010 report for the Education Policy Center at Michigan State University found, “Consolidations (of districts) often result in more efficient transportation operations by maximizing use of buses and scheduling of school operations.” Reductions in transportation costs were the largest savings found in that study at 18%, larger even than the 15% savings it found for central office costs.

Increased Teacher Salaries

Consolidation can increase labor costs. For example, teacher salaries may have to be renegotiated to match the pay scale of the highest paying district. There may be additional pension costs as well. The state does provide a four-year financial incentive to cover such increases, however, after those four years, salary increases are borne by the tax base. Note that since a school district reorganization would be classified as a change in employer, the new district will not be required to pay the Teachers’ Retirement System the present value of the increase in pension benefits that result from salary increases in excess of 6%.

Potential Drop in Student Achievement Data

Average student achievement data may drop in some districts if the testing base is broadened to include lower achieving districts.

Long-Term Debt Considerations

In a consolidation, the consolidated district would carry and be responsible for paying off the long-term debt of all the districts that formed the consolidated district, but the taxes levied to pay that long-term debt would **not** be shared amongst all taxpayers. In a consolidation, taxes for long-term debt remain taxed in the area where it was originally incurred. All of the outstanding debt would be used to figure the remaining debt limit of the consolidated district, but it would

also be compared to the full EAV of the consolidated district, which would be a combination of all the original districts' EAV. The citation for the long term debt being levied against territory as it existed at the time the debt was incurred is [Section 11E-105 of the School Code \(105 ILCS 5/11E-105\)](#).

COMPLETED SCHOOL DISTRICT CONSOLIDATIONS IN METROPOLITAN CHICAGO

The Illinois State Board of Education publishes a list of school district reorganization from 1983 through August, 2021. School district consolidations occur mainly in rural or low-population areas. Below are some examples of consolidations in the Chicago metropolitan area.

In 1990, North Chicago High School and Elementary Districts formed the North Chicago Unit District for a combined enrollment of 843 students.

In 1992, a consolidation of three elementary school districts in Highland Park and Highwood (Districts 111, 107 and 108) was approved by 54 percent of the voters via a binding referendum. The chief beneficiary was Highwood-Highland Park District 111, which was experiencing severe financial difficulty. It had reached its bonding limits and its taxpayers, already struggling with high property taxes, rejected requests for rate increases. In District 111, consolidation votes ranged from 88 percent in one precinct to 99 percent in another. In District 107, 60 percent of the voters favored a merger, but in District 108 only 38 percent of voters said yes to consolidation. The District 108 board opposed consolidation for fear that educational quality would suffer and taxes would rise. District 108 fought consolidation in public hearings and in court, winning a ruling from the Illinois Appellate Court to stay an election until all appeals were exhausted. However, the Illinois Supreme Court ruled that the referendum could take place.

The only recent DuPage County reorganization occurred in 2004, when Puffer Hefty School District 69 used dissolution to annex itself to Downers Grove SD 58. We used Elementary SD58 as a comparison district in our financial and statistical analysis since its consolidated enrollment would be equal to the enrollment of a proposed consolidated district made up of all the elementary feeder districts to Lake Park High School.

In 2006, the passage of Public Act 94-1019 now ensures that all reorganization must be approved by a majority of voters in each affected district.

FINANCIAL ANALYSIS

Although there are many benefits to school district consolidation, the reorganizations that do take place are most often realized due to concern over increasing property taxes. Most of the desired cost efficiencies of consolidation are either in the form of reducing facilities or in reducing salary expense through reductions in staff.

Unit District Consolidation

We must first consider the financial effects of unit consolidation – the consolidation of all feeder elementary districts (10, 11, 12, 13 and 20) with the high school district 108. The call to consolidate is based upon several assumptions: (1) potential cost savings that could accrue from

the combining of the districts; (2) greater administrative effectiveness and operational efficiencies; (3) fiscal benefits from economies of scale; (4) additional co-curricular activities; and most important (5) the educational advantages for all students.

Opportunities and consequences in the following categories are also relevant: Financial, Incentives, Enrollment, Tax Rate, Transportation, Curriculum, Extracurricular, Student Outcomes and Constituent Benefits. We must balance two issues, “Will It Be Good for Kids?” and “Will it be good for taxpayers?” For both of these questions, we’ve taken a long-term outlook.

Based upon financial analysis, creating a unit district through consolidation of all the elementary feeder districts with Lake Park High School District 108 will likely provide the least relief regarding local property taxes. This is primarily due to a reduction in revenues combined with increased salary expense from consolidation.

Moving to a unit district may result in lower General State Aid due to the lower formula restrictions for unit districts to levy without referendum (\$0.05 vs.\$0.10 per equalized assessed valuation) for health/life safety purposes, transportation funds and working cash funds.

In addition, revenues to a Lake Park unit district may be reduced during merger when high percentages of at-risk students are diluted by the larger numbers of students who are not categorized as at-risk in a consolidated system. Keeneyville’s low-income population is 60% versus a range of 5% for Bloomingdale and 33% for Medinah. Correspondingly, Keeneyville’s percentage of state revenue receipts are more than double those of the other four elementary districts: 12% versus a range of 4.3% for Bloomingdale and 6.5% for Medinah.

Consolidation would require each consolidating district to match the teacher salaries of the highest paid district. The bachelor-degreed beginning salary schedule for each of the districts is listed below:

District	10	11	12	13	20	108
Number of Teachers	74	51	49	97	114	163
Bachelor Beginning Salary	\$44,750	\$46,019	\$46,660	\$49,360	\$43,431	\$51,141
Average Teacher Salary	\$61,862	\$62,651	\$72,834	\$64,222	\$58,475	\$103,109

Bloomingdale District 13’s beginning salary for a teacher with a bachelor’s degree is \$4,610 more than that for similar teachers in Itasca District 10 and \$5,929 higher than for similar teachers in Keeneyville District 20. Raising teacher salary schedules in smaller districts would cost less than raising teacher salary schedules in a larger district like Keeneyville.

Average teacher salaries for the elementary districts range from a low of \$58,475 in Keeneyville SD20 to a high of \$72,834.00 for Roselle SD12. The average teacher salary at Lake Park High School District 108 is \$103,109. Average teacher salaries can be higher since teacher salaries are based on both length of service and education level. Teachers with more education and length of service will be more highly paid.

A unit district would increase teacher salary expenses beyond the cost savings of administrative salary reductions from consolidation. As a result, a unit district consolidation could require a tax referendum to keep the newly consolidated district solvent when state consolidation incentives expire.

Another concern would be the difficulty for school boards to choose expense allocations between elementary and high school needs. In other words, crayons versus football helmets.

Given the revenue and expense considerations of unit consolidation, our remaining financial analysis will consider options for elementary district consolidation only.

Elementary School District Consolidation

Elementary school district consolidation offers the best potential for long-term savings to taxpayers and increased student outcomes. The question is all or some. Our consensus analysis reviewed the following:

Revenue Impacts

School system revenue is derived from both property taxes and general state aid (GSA). The Education Fund is the most pertinent of all district funds because it usually accounts for about 80% of the revenue and expenditures for a school district and can tell us about the relative financial strength of each district. Suburban school districts typically show an increasing Education Fund surplus. Both the Operations and Maintenance and Life Safety Funds are used for building maintenance. They, too, indicate relative financial strength, but often reflect deteriorating balances. Rising utility costs and other maintenance expenses are not able to be passed along to taxpayers easily. Importantly, a reduced poverty count from the 2020 Census or a troubled economy that causes a reduction in state and local revenue could affect budget outcomes as explained below.

Property Taxes

Tax rates for all districts have been at a relatively high level. For most Illinois school districts, local property taxes provide the majority of revenue, typically around two-thirds. That is concerning for school districts that may be landlocked and don't have malls or large industrial areas, which bring in large tax revenues. Future TIF districts also can play a role in increasing the education burden on taxpayers.

Also, tax caps limit the amount of increased property taxes governments can collect to the rate of inflation. Even if the price of homes or commercial properties go up, the amount of money a

school district can access is capped. At the same time, as the total equalized assessed valuation of a home goes up, districts get less state aid. Struggling school districts can try for a tax rate increase to generate needed funds. If that doesn't work, a district can make more severe cuts until a referendum does get passed. Typically, extracurricular activities and courses such as foreign language and arts are the first to go.

In addition, funding education through property taxes is a regressive school funding system that produces tremendous inequality in funding because it relies mostly on a revenue source that is *unequal* between communities. In 2017, 183 Illinois school districts were receiving less than 60% of funds deemed adequate to educate students.

State Revenues

In August, 2017, Governor Bruce Rauner signed into law a new evidence-based funding model developed by researchers. This model comprehensively changes the way that school districts receive the bulk of state funds. EBF sends more resources to Illinois' most under-resourced students. However, the Illinois version of the evidence-based system ensures that, in the first year, no school district gets less money than it did the previous year.

ISBE uses a three-step process to determine evidence-based funding. First, the Board looks at all costs of services expenses: enrollment data, costs per student, number of full-time employees, regional factors, etc.—to create an “adequacy target.” The adequacy target is meant to reflect the specific needs of individual districts.

Next, ISBE looks at the district's resources:

- The amount of funding it received in previous years
- Expected Corporate Personal Property Replacement Tax revenue
- Property tax revenues

The state sets a targeted amount for each district to generate locally called the *Local Capacity Target*, but then looks at whether the district really generates more or less than that target before calculating what the state share should be. Districts that are below their local capacity target do not have to raise their taxes to get full state funding. However, they will have a shortfall from full funding adequacy if they don't tax more. The state will only fill in the gap up to the *Local Capacity Target*. This provides those districts an incentive to raise their taxes without jeopardizing their allocation of new state dollars through the formula.

Finally, ISBE places the district in one of four tiers, with Tiers 1 and 2 receiving about 99% of the state's new total funding.

Medinah SD11, Roselle SD12, and Bloomingdale SD13 are all Tier 4 schools. Itasca SD10 is a Tier 3 School. Keeneyville SD20 is a Tier 2 school and currently receives the most government funding.

Further from Adequacy Target



Above Adequacy Target

Tier	Proportion of New Funding from State
Tier 1	50% of State's funds
Tier 2	49% of State's funds
Tier 3	0.9% of State's funds
Tier 4	0.1% of State's funds

The evidence-based funding formula was meant to ensure schools would be fully funded by 2027. The law set a minimum of \$350 million to be added to the formula each year. However, there was no new funding for 2021 due to the pandemic and legislators only added the minimum in 2022. Illinois education advocates have raised concerns that the minimum will be insufficient to deal with rising costs and a 40-year high inflation rate. However, there is no indication that lawmakers will add more to the funding formula. Also, note that when enrollment decreases and equalized assessed valuation rises, a decrease in General State aid will result.

Voters can attempt to reduce taxes by 10% in school districts where funding is considered to be 110% above “adequacy.” That means voters in school districts with large cash reserves can try to reduce school property taxes. Ten percent of registered voters within a school district need to sign a petition in order to get the tax reduction question on a ballot in a local election. Each of the districts in the study have seen an increase in equalized assessed valuation which moderately increased local revenue for each of the districts. For example, Bloomingdale School District 13 equalized assessed valuation per average daily attendance pupil increased from \$473,250 in 2017 to \$542,695 in 2021.

Corporate Personal property replacement taxes (CPPRT) are revenues collected by the state of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away. A newly consolidated district would receive corporate personal property replacement taxes revenue that reflect a combination of the amounts of each consolidating district.

We need to keep in mind that salary and benefit increases that result from a newly renegotiated contract for both certified and non-certified staff would require more revenue following the four-year transition incentive from the state.

Given the significant difference in general state aid to total revenue and state revenue per student, consolidating districts with a high percentage of low income students should not cost more in general state aid receipts than would be generated in administrative savings.

District	10	11	12	13	20
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Low Income Population	7%	33%	21%	5%	60%
State Educational Receipt/Student	\$888	\$1,534	\$1,112	\$778	\$2,186
General State Aid to Total revenue	5.97%	7.99%	6.06%	5.33%	13.18%

Last, given per student funding formulas, student enrollment trends have a financial impact on education funding analysis. National trends indicate that American women are having fewer babies, and they're having them later in life. Data collected by the National Center for Health Statistics showed a sharp decline in fertility rates in recent years, with most women having an average of 1.3 babies and an increasing percentage giving birth at age 35 or older. This explains the declining 5-year enrollment trends reported at all of the districts in our study. Lowering administrative costs for districts with declining student enrollment can control costs in the face of declining revenues.

Expense Analysis

Multi-year agreements for transportation, food service and individual administrative agreements must be honored. However, consolidation and intergovernmental agreements can work together to provide a more efficient use of educational dollars while maintaining or raising student outcomes.

A 2014 report analyzed student-level data from the states of Florida and North Carolina for the school years 2000-2001 to 2009-2010 and concluded that the superintendent has little to do with a district's academic achievement. The authors noted that the position of school district superintendent is typically a short-term job that lasts on average 3-4 years. More importantly, student achievement was not positively correlated with longevity of superintendent service. Nor is hiring a new superintendent associated with greater student achievement.

Importantly, when looking at the total administrative costs for our comparison district, Elementary School District 58, which were approximately \$1.5 million annually, the total administrative costs for all five elementary feeder districts is approximately \$4.8 million. This suggests there are significant duplicative costs that could be eliminated for greater educational efficiency.

Moreover, under Illinois' Regular Tier 1 plan, the Final Average Salary, which helps determine pension payments, is calculated based on the member's highest average salary earned during four consecutive years out of the last 10 years of service. Tier 2 benefits are based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service.

That provision gives many retiring administrators a pension boost since their retirement benefits are based on a relatively narrow earnings window. As a result, some highly paid superintendents could receive pension payouts that total many times the contributions they

originally paid into the system. While pension payments do not count toward district finances, they contribute to the overall tax load of Illinois taxpayers.

Using the Better Government Association Pension Database, we averaged annual pension salaries for four past superintendents in our study area – all of whom were Tier 1 administrators. The average annual pension payout for 2023 was \$162,247 for an average of 33 years of service, with annual contracted increases of 3%. Again, while these figures don't impact property taxes, they affect long-term growth in state taxes.

The [Taxpayers United of America data](#) below shows pension data for four former superintendent pensions in our study area:

School District	Current Annual Pension	Employee Deposits to Pension	Retirement Age	Estimated Lifetime Payout	Deposit % of Lifetime Payout
SD 10	\$154,537	\$280,556	65	\$3,552,953	8%
SD 11	\$134,418	\$332,731	65	\$3,182,096	10%
SD 12	\$151,829	\$275,842	57	\$5,106,946	3%
SD 13	\$208,205	\$169,926	54	\$7,006,801	4%

Most eliminated positions will be in central office staff. Non-certified staff do not qualify for tenure, but their seniority in the districts have to be merged and any reduction in force would be determined from that combined seniority list.

Other than the elimination of superintendents, best practices implementation suggest a two-year freeze on other central office positions. This is a humane solution to job elimination and also provides the best means of ensuring the excellence of each district is included in finance, curriculum, human resources, maintenance and other areas. The state's 4-year incentives will help with higher reorganization costs that accrue in the first years of consolidation.

Consolidating the three districts with similar student enrollment populations could eliminate duplicate positions in:

- Superintendents
- Finance/Operations Directors
- Special Education Directors
- Technology Directors
- Human Resources
- Curriculum Director

In addition, merging elementary districts 10, 12 and 13 would allow those districts to create in-house self-contained classrooms for both autism-spectrum and behavioral students that

would allow these districts to sever an expensive relationship with their special education cooperative North DuPage Special Education Cooperative. In-house self-contained classrooms for special needs students can then become a revenue source as the combined district can offer placement to other outside districts that are too small to finance self-contained classrooms of their own. District 12 currently shares a special education director with NDSEC's autism spectrum coordinator. Moreover, paraprofessionals – who are in short supply – can be better allocated under a combined system.

The biggest increase in expense would be in the form of matching teacher salaries among consolidated districts. However, paying a competitive salary at all the elementary feeder districts would attract the most highly qualified teachers in the formative years of elementary education – as long as there is a robust teacher recruitment and selection process. Highly qualified early elementary teachers are the most important controllable input to student outcomes: research shows early elementary years determine future educational outcomes. Creating teacher excellence parity among all the Lake Park Feeder districts could increase academic outcomes at the high school level long-term and also addresses funding inequities due to varying property tax bases. Just as important, given teacher shortages and severe paraprofessional shortages, redirecting salary expenses from administration to higher teacher and paraprofessional salaries may be beneficial in attracting high-quality staff in sufficient numbers to meet student needs – especially since lower-paying districts tend to attract teachers with less experience and credentials.

Facilities Analysis and Long-Term Debt

In 2020, Itasca Elementary District 10 taxpayers approved a measure to allow the district to borrow \$26.98 million for a variety of school construction projects. The new debt required the owner of a \$300,000 home to pay \$324 in additional property taxes to the district annually.

In 2017, Roselle Elementary District 12 successfully passed an operating rate referendum that raised property taxes about \$500 a year for the average home. The revenue helped pay for repairs in the district's two 1960s-era schools and helped fix its finances after years of budget deficits.

In April 2011, Medinah School District 11 officials sought permission to borrow about \$8 million for upgrades to two buildings and to eliminate a third. Most of the money was earmarked for an addition to the Medinah Intermediate School to house elementary students and eliminate the need for the existing primary school. Remaining money was to fund security and traffic safety upgrades to Medinah Middle School. The same measure was defeated by slightly more than 60 percent of voters in November, 2010. Voters also rejected a similar measure in 2004. The voters rejected the property tax increase, which would have added roughly \$156 a year for the owner of a \$350,000 home. Medinah voters may be reluctant to fund capital improvements for public School District 11 since a recent report noted that approximately 42% of Medinah Middle School students are enrolled at private schools.

Bloomington Elementary District 13's aging facilities will need a significant infusion of capital funding and that district is expected to put a capital spending referendum on the ballot soon. The amount is not yet known.

Keeneyville Elementary District 20's debt level reflects its investment in its facilities. In 2017 all HVAC systems were updated. In 2018 all building roofs were replaced with the exception of the Early Childhood Center. In 2019 one building's library was renovated and the renovation included the addition of an Innovation Center. Also, in 2019 two buildings had their parking lots reconfigured and renovated. In 2020, the other two building libraries were renovated and Innovation Centers were added there, too. Renovations were completed in some classrooms at two of the buildings. All of the above upgrades were accomplished with a combination of operating funds and the sale of bonds. This summer there are plans to renovate bathrooms at one building and replace lockers at another building. There has not been a referendum nor are there plans for one. The district is waiting for a commissioned architect to finalize a master facilities plan.

The long-term debt liabilities of each of the elementary feeder districts is below:

Item	<u>SD10</u>	<u>SD11</u>	<u>SD12</u>	<u>SD13</u>	<u>SD20</u>
Long-Term Debt Outstanding	\$24,990,000	\$5,236,912	13,570,000	\$2,782,712	\$14,724,373
Enrollment	1,023	687	666	1,354	1,325
L-T Debt per Pupil	\$24,428	\$7,623	\$20,375	\$2,055	\$11,113

Medinah (11) and Bloomington (13) have the lowest debt levels because they have not yet invested in facilities upgrades. Roselle (12) and Keeneyville (20) have similar debt levels, however, Keeneyville carries less debt on a per pupil basis demonstrating the greater educational efficiencies of larger districts. Itasca's debt level is the highest of the five feeder districts. The bonded indebtedness of any previously existing district stays within the district that incurred the debt until that bond issue is paid off. For example, if there was a consolidation of all five Lake Park elementary feeder districts, the original SD10 long-term debt of \$24,990,000 would be taxed against the SD10 property as it existed prior to a consolidation and so on for each original district. Given the need for a capital infusion referendum for Bloomington Elementary SD13 to fix its aging facilities, it would be beneficial to wait until that district upgrades its facilities so as not to pass on debt for elementary school upgrades in one district onto property tax payers whose children go to elementary schools in another district.

A potential cost-saving reduction in facilities would be the elimination of separate district office facilities. Implementation best practices would house all the consolidated district personnel under one roof. Bloomington, Medinah and Keeneyville locate their administrative offices in the middle school. Roselle has a separate administrative building adjacent to its middle school. Itasca maintains a separate district office. A facilities analysis by a consolidation expert may be able to find more facilities savings.

WHAT WOULD BE THE IMPACT ON PROPERTY TAXPAYERS?

The tax rate would be the same for all taxpayers in the newly formed district. Allotments in general state aid are determined largely by a district's wealth. The wealthier a district is, the less money it will get from the state per pupil. Equalized assessed valuation (EAV) plays a significant part in the general state aid formula because it is an indication of a district's wealth. It is also known as a district's tax base.

EAV doesn't reflect a home's current value; it reflects one-third of a property's fair cash value as of January 1 of an assessment year, based on the three prior years of market data. To ensure the taxing burden is equal among different taxing districts, an adjustment is made of an area's median level of assessments to 33.33 percent. Equalization is necessary because a taxing body might be in different townships with different median levels of assessment. It would be unfair for a homeowner in one township to pay more in property taxes than the owner of a similar house in a different community for the same school district.

For example, here is what taxes would look like before equalization:

Township A resident: \$300,000 [fair cash value for a home] x 0.3333 [median level of assessment] = \$99,990 x 0.048411 [tax rate] = \$4,841 [property tax].

Township B resident: \$300,000 [fair cash value for a home] x 0.2948 [median level of assessment] = \$88,440 x 0.048411 [tax rate] = \$4,281 [property tax].

After equalization, both homeowners would pay about the same in taxes because the tax burden is uniform. The change in aggregate EAV would also lower the tax rate.

This is after equalization:

Township A resident: \$300,000 [fair cash value for a home] x 0.3333 = \$99,990 x 0.045615 [tax rate] = \$4,561 [property tax].

Township B resident: \$300,000 [fair cash value for a home] x 0.3333 = \$99,990 x 0.045615 [tax rate] = \$4,561 [property tax].

Officials say one of the biggest misconceptions about EAV is that a lower assessment will bring about lower taxes. The Property Tax Extension Limitation Law put an end to that direct relationship. Taxes can increase even in times of declining assessed valuations because, paying for bigger levies, can result in higher tax rates for taxpayers.

The average EAV per pupil for each of the districts in our study is below:

Item	SD10	SD11	SD12	SD13	SD20
EAV per pupil	682,051	671,191	489,826	542,695	\$374,257

The Property Tax Extension Limitation Law (PTELL) was passed in reaction to rapid growth in property taxes in the collar counties and was applied to those counties beginning with tax year 1991. In the State of Illinois, non-home rule units of government located in counties subject to the Property Tax Extension Limitation Law (PTELL) are limited in the size of their annual property tax extension to 5% or the increase in the Consumer Price Index (CPI), whichever is less. However, the limitation is subject to some exceptions and can be increased by referendum. PTELL referenda are fairly common in Cook County and the Collar Counties, especially for school districts.

If a taxing body decides it needs more property tax revenue than it can raise under PTELL, it has a few different options for referenda to ask voters' permission for a larger increase:

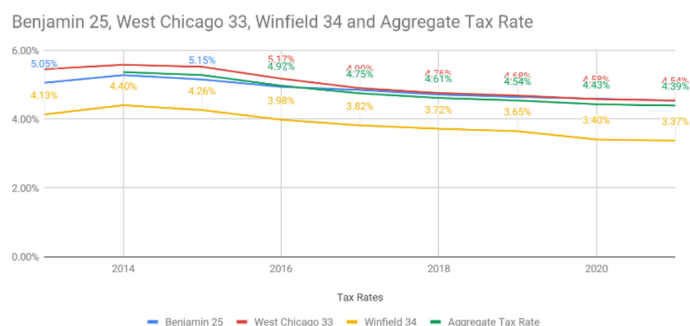
- An inflationary increase that is greater than allowed by PTELL for one or more years, known as an extension limitation referendum;
- An increase to the limiting rate; and
- A new tax rate for a specific governmental fund.

Additional information on PTELL can be found in the Civic Federation's [primer on property tax extension](#) and [publications](#) by the Illinois Department of Revenue and [Taxpayers' Federation of Illinois](#).

If annexation is chosen as the preferred consolidation method, the tax rate depends on which school district annexes another. A high tax rate district annexing a lower tax rate district would raise the tax rate for the lower tax rate district. A low tax rate district annexing a high tax rate district would lower the tax rate for the high tax rate district.

To bring this issue to the community, school districts or the League would need to hire an expert consultant to determine the aggregate property tax rate of the proposed consolidation or compute one for a final consolidation petition. Below is an example of a graph that can visually summarize potential financial outcomes. However, it is important that state pension costs for any eliminated, high-paying administrative personnel be factored into that analysis using a long-term lens.

What are the financial implications of potential consolidation?



In order to aid school districts interested in school district reorganization feasibility studies, the Illinois State Board of Education prepared the following list of consultants. School districts are free to use the feasibility study consultant(s) of their choosing and the consultant(s) chosen do not have to appear on this list.

Midwest School Consultants

Dr. William Phillips, Dr. Scott Day, Dr. Len Bogle
University of Illinois - Springfield
Contact: Dr. William Phillips
(618) 558-7882 (cell)
wphil1@uis.edu

David Bills

20822 38 th Ave. Ct. N.
Port Byron, IL 61275
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Eastern Illinois University, Department of Educational Administration
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(618) 204-1948 (cell)
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Members of the study group spoke with Dr. William Phillips, who has completed 65 full-scale consolidation studies, to prepare a cost estimate for a study. The ISBE provides grants in the amount of \$13,500 for reorganization studies. Those grants are coordinated by Michelle Henniger, but grants are only provided to school districts, not outside organizations such as the League. Typically, Dr. Phillips charges the amount of the grant, so a school district would not have to pay for the study. However, given that our consolidation proposal involves analysis of five separate school districts, he estimates the cost of such a study to be in the range of \$15,000 - \$20,000. The study would not only look at aggregate tax rates, but also assess all the facilities across the five districts to be sure they are being utilized effectively.

WHAT WOULD BE THE IMPACT ON TEACHERS?

Teachers in the affected districts would have their salaries matched to those of the highest paying district. Their tenure would be merged into a single seniority list in the reorganized school district. Old teachers' unions are dissolved and are merged to form a new union; collective bargaining would begin after a new board of education is formed.

Districts	SD10	SD11	SD12	SD13	SD20
Student:Teacher Ratio	15:1	16:1	16:1	24:1	18:1

Average Salary	\$61,862	\$62,651	\$72,834.00	\$64,222	\$58,475
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Starting teacher salaries are comparable among districts

WOULD INTERGOVERNMENTAL AGREEMENTS BE A PREFERRED OPTION?

Many Illinois districts engage in cooperative agreements as an alternative to district consolidation. Districts often cooperate in the areas of special education and vocational education, but statutory authority granted by the Intergovernmental Cooperation Act of 1985 allow for inter-district cooperation in all school district functions.

In June 2022, Governor Pritzker signed The Decennial Committees on Local Government Efficiency Act into law (Public Act 102-1088). The new law brings even more pressure to engage in cooperative agreements to lower the cost of education by requiring an annual report that summarizes district attempts to improve fiscal efficiency through shared services or outsourcing in the prior fiscal year. The report must be approved by the school board at an open meeting that allows for public comment and must be included in the annual financial report and published on the school district website

The report should include at a minimum insurance, employee benefits, transportation, personnel recruitment, shared personnel, technology services energy purchasing, supply and equipment purchasing, food services, legal services, investment pools, special education cooperatives, vocational cooperatives, curriculum planning, professional development, custodial services, maintenance services, grounds maintenance services, grant writing and STEM program offerings. Last, the regional superintendent of schools and the school district shall jointly prepare a shared services and outsourcing plan that considers actions that may improve the district's fiscal efficiency and how future savings associated with shared services or outsourcing will be used.

This new law greatly impacts our study and pertains to two of our consensus questions:

1. What intergovernmental sharing opportunities are available between districts?
2. What is the most efficient and equitable system of financing public education?

While the new law focuses on cost efficiency, our study will also examine consolidation impact on student achievement, and other educational outcomes such as attendance, increased educational uniformity, wider variety of course offerings and improved professional development for teachers.

One superintendent and office staff could be shared by several school districts to reduce administrative costs – with one central administrative office. Shared administrative line items could include food service, transportation, legal services, purchasing, and staff development. This would require joint informational school board meetings and communication continuity between participating school boards. Technology infrastructure and maintenance is another opportunity for districts to share a single, larger computer system.

Academic cooperatives that operate under a tuition agreement allow students to access offerings that only serve a small number of students. These could include foreign languages, art, music, business, technology and more that might not be available without the agreement. Google Meet classrooms also are an option given the rapid, virtual instruction learning curve forced on the education community during the pandemic. Another advantage of academic cooperation is the opportunity to provide more students with the best teachers.

Also since 1985, the school code changed to allow students to attend the schools in other districts. However, every school board must maintain at least one elementary school within its district. Middle schools, though, may be deactivated if:

- Voters in the sending district approve
- The school board of the receiving district approves

Intergovernmental agreements require similar calendars, testing schedules and transportation schedules in order to work well.

The inability of Medinah school district 11 to pass a referendum to upgrade its facilities is a concern in consolidating this district – especially when 42% of its residents choose not to attend the public school. Consolidation of elementary school district 11 might put a facility upgrade for Medinah onto taxpayers in other areas.

CAN DISTRICT CONSOLIDATION IMPROVE STUDENT OUTCOMES?

There is no conclusive evidence that school district consolidation positively or negatively impacts students' academic performance. However, arguments can be made that access to educational opportunities such as elective courses is improved by consolidating very small school districts. In studies where student performance was shown to be negatively correlated with school district size, other variables, such as student income and student teacher ratios, have much stronger effects on student achievement than the size of school districts.

It should be noted that once you consolidate, the superintendent is further removed from the teaching staff. Ensuring that principals develop positive relationships with their teaching staff and are expert instructional coaches will create better student outcomes.

Greater Funding Equity

Greater funding equity from consolidation may help close gaps in student achievement. Illinois school districts experience some of the most unequal funding in the nation, according to a 2018 report by Education Trust, a Washington D.C.-based education advocacy group. The report reveals that over 83% of Illinois school districts are inadequately funded. In 2018, the state implemented its new Evidence-Based Funding formula. According to Advance Illinois, the formula gives each school district an adequacy target – the amount of funding needed to provide a quality education. Each district's adequacy target is unique and based on factors like enrollment and the number of low-income and English language learners in a district. The formula increases the state budget for school funding by \$350 million each year, with a goal of reaching 90% adequacy in all districts by the year 2027. This number falls short of the Illinois State Board of Education (ISBE) analysis that indicates that, in order to reach that goal, the

formula would need to increase funding by \$660 million each year. Moreover, the Evidence-Based Funding formula was impacted by the coronavirus pandemic. No new money was added to the formula in 2020,

A legislative proposal to make school funding more equitable that has bipartisan support is district consolidation. Every district has their own administration, whose salary is relatively high compared to other salaries in the education sector. Merging districts would produce a leaner, more efficient administration, allowing those educational dollars to be funneled into the schools, instead of the administration.

Even in the absence of taxpayer savings, redirecting administrative expenses to teacher and paraprofessional salaries can attract the highest quality front-line personnel and allow us to get the most out of every educational dollar. The Learning Policy Institute, a nonpartisan education research and advocacy group, reports that school districts with less funding tend to have lower educational achievement and graduation rates. Education experts from Princeton University, Columbia University and City University of New York, report that increased funding equity correlates with a decrease in crime, welfare, and incarceration, along with an increase in wages. In fact, the study found that in the long run, investment in education saves money due to decreased spending on public health, the criminal justice system and welfare systems.

Early education is most important in affecting long-term outcomes. Numerous studies have shown that if a student hasn't reached a certain reading level by third grade, it can be harder for them to make up the gap as they continue their education. In addition, the pandemic revealed just how much schools play a role in students' health and social-emotional well-being. For some low-income students, the only meals they get are breakfast and lunch at school. Enrichment activities, too, such as student newspapers, chorus, orchestra, band, drama, and STEM programs are fewer at less well-funded schools largely because of the inequitable funding system.

The Illinois Legislature passed [House Bill 2396](#), which would require public school districts in Illinois to establish full-day kindergarten schedules, has passed the state legislature, and is now headed to the governor's desk to become law. The legislation would mandate that each public school district establish a kindergarten with full-day attendance by the 2027-28 school year, giving districts four more years to adjust. School districts that don't already provide full-day kindergarten may need to raise local taxes to cover the costs of the new program. Proponents of the bill say the change is beneficial to all parties, giving young children more time in the classroom while making arrangements for child care easier for working parents.

Governor Pritzker also has called for making preschool available to every 3- and 4-year-old in Illinois within four years, arguing that the state's improved financial picture allows it to invest in early education. Politically, the 103rd Illinois General Assembly approved a Fiscal Year 2024 state budget with unprecedented levels of early care and education funding aligned with Governor J.B. Pritzker's Smart Start Illinois plan, including nearly \$300 million in new state funding for child care, preschool, home visiting services and the Early Intervention program.

Elementary school district consolidation can provide uniform professional development among Lake Park elementary feeder districts in the four classes of teacher competencies that research on education practices indicate yield the greatest results:

1. Instructional delivery
2. Classroom management
3. Formative Assessment
4. Personal competencies (soft skills)

Keeneyville School District 20 is inadequately funded, with 72% of funding adequacy. Its low-income and English language learner populations represent 60% and 24% of its student population versus an average of 17% and 13% for the remaining four districts in our study area. Consolidation of the elementary school districts in the Lake Park High School attendance area can ensure that students enter high school equally prepared.

Quantitative and Qualitative Outcomes

Should consolidation be considered, both quantitative and qualitative outcomes should be measured annually so as to provide data for other districts considering consolidation.

Quantitative Outcomes:

- Student Attendance
- Standardized Achievement Tests (IAR, SAT)
- Computer Adaptive District Growth Scores (MAP, I-Ready, etc)
- Behavior Data
- Extra-curricular membership
- Percentage of students who entered 9th grade and graduated high school

Qualitative Outcomes can be measured with surveys sent to:

- Parents
- Board of Education members
- Teachers
- Building-level administrators
- District-level administrators

WHAT WOULD THE NEW SCHOOL BOARD LOOK LIKE?

Changes in the structure of the school board when consolidating school districts should be subject to a referendum by the voters in the affected school districts. To eliminate the concern of loss of local control, a consolidated school board should not be elected at large (where members of the board can live anywhere within the district and a voter can vote for any candidate). We believe consolidated districts are better served with proportional representation, which restricts the number of board members that may be elected from any given area. This will ensure that the consolidated school board will be representative of all areas in the high school attendance boundaries.

STATE CONSOLIDATION INCENTIVES

In 1983, the state provided a series of financial incentives to make it easier for districts to consolidate. In addition to analyzing declining student enrollment and voter resistance to increasing property taxes to fund schools, the financial incentives passed by the General Assembly are an important input in the decision to consolidate school districts.

For a period of three years, districts that consolidated receive state aid that is not less than the amount that would have been received pre-consolidation. This guarantee gives the newly-formed district time to deal with the staffing problems that occur when combining employees.

According to the [Local Government Consolidation & Unfunded Mandates Task Force](#) there are four incentives available to school districts:

5. If, after consolidation, there is a difference in General State Aid (a decrease), the state covers that difference for four years.
6. If, after consolidation, there is a difference in teacher salaries (an increase), the state covers that difference for four years.
7. After consolidation, the state will pay \$4,000 per full-time, certified staff, such as teachers and counselors, for up to three years.
8. If, after consolidation, there is a difference in key fund balances (education, operations & maintenance, transportation, working cash), the state covers that difference for one year.

The most impactful incentive is #4. By erasing the operational deficits of combining districts, the combined district would begin operating without an operating deficit.

About \$165 million in incentives have been paid out for district consolidations and other reorganizations from 1986 to 2015. As a result of these incentives, the [Classrooms First Commission](#) found the state would bear significant cost if school district consolidation took place en masse. They found, in 2012, that merging 868 separate elementary and high school districts to a maximum of 300 at once, “would cost the state at least \$3 billion under current law. That price tag is more than half the state’s annual education budget.”





Refer to the brochure [School District Reorganization At a Glance](#) for additional information regarding these incentive payments.

State Allotment for School District Reorganization Feasibility Studies

School districts can get financial assistance from the state to hire a Reorganization Feasibility Study consultant. The Illinois State Board of Education (ISBE) accepts agreements for such Studies. The school board of each district involved in a feasibility study must approve a resolution to initiate a study. The districts involved submit a proposed agreement with an independent contractor(s) to their Regional Office of Education (ROE), which will then submit the agreement to ISBE for approval. The state allotment amount for FY 2024 studies will be the cost of the study, up to a maximum of \$15,125. Any study cost above the state funding will be

the responsibility of the participating districts. However, the LWVRB contacted several educational consultants – and the most qualified consultant, Dr. William Phillips of Midwest School Consultants, will accept the ISBE maximum reimbursement of \$15,125 for a reorganization feasibility study for the five elementary districts. Therefore, none of the districts would bear any cost to analyze elementary school district consolidation of the LPHE feeder districts.

Studies are funded on a “first-come, first-served” basis. Detailed procedures and sample documents for the FY 2023 feasibility studies are below.

- [FY 2023 Procedures](#) 
- [FY 2023 Sample Board Resolution](#) 
- [FY 2023 Sample Agreement](#) 
- [FY 2023 Financial Projection](#) 
- [FY 2023 Payment Approval](#)

CONSOLIDATION PROCESS

Public Act 94-1019 added greater flexibility and efficiency to the reorganization process. Petition and voting requirements are consistent for all types of reorganization. Most important, the new Article 11E ensures:

- All reorganization must be approved by a majority of voters in each affected district
- No reorganization will raise taxes without approval from the voters in the affected districts

Communities interested in consolidation need to go through the following process:

1. A petition is filed with the regional superintendent and must include:
 - a. A request to submit the proposition at a regular scheduled election
 - b. The petition shall designate a Committee of Ten, any seven of whom may make binding stipulations on behalf of all petitioners. The Committee of Ten may be made up of Board of Education members from the affected districts, as well as citizens living within the newly planned districts. The petitioners must pay the costs of notices and transcripts.
 - c. The petition must be either from the boards of education of each school district looking to consolidate or contain the signatures of 50 registered voters or 10 percent of registered voters (whichever is less) from each district (no board involvement needed).
 - d. A description of the territory comprising the proposed district, including which districts will be dissolved and those to be created
 - e. The maximum property tax rates the proposed district shall be authorized to levy, with PTELL information if necessary.
 - f. Allocation of supplementary state deficit difference payments among the proposed districts.
 - g. Division of assets and liabilities

- h. An optional request that a school board for the new district be elected at the same election as the consolidation question
 - i. An optional request that board members for a unit district be elected by districts rather than at large
 - j. An optional request to submit a proposition by separate ballot for authority to issue bonds
 - k. If a petition does not result in a consolidation, no subsequent petition can be filed for two years after the final determination on the first petition unless a substantially different petition is filed or a district included in the first petition is placed on the State Board of Education's academic or financial watch list
2. A local public hearing is held to discuss the issue.
 - a. The regional superintendent shall publish a notice of the petition and hearing at least once each week for three successive weeks in a newspaper having general circulation in the area of the proposed district
 - b. The petitioners shall pay the expense of publishing the notice and the expense of the transcript of the public hearing
 - c. Any resident or representative of a school district in which any territory described in the petition is situated may appear in person or through an attorney to provide oral and/or written testimony
 3. The regional superintendent approves or disapproves the consolidation initiative and forwards the decision and relevant information about the districts to the state superintendent.
 4. The state superintendent approves or disapproves the initiative. If approved, a question is put to a referendum vote (step 5). If it is not approved, petitioners and anyone who showed up at the public hearing, have the option for a judicial review within 35 days of the state superintendent's decision. If a court agrees with petitioners, the referendum may proceed, if a court agrees with the state superintendent, no referendum can take place.
 5. A referendum is put on the ballot for voters to approve or disapprove of the initiative to consolidate. The tax rates to be levied by the reorganized district must be on the ballot and approved for the Education, Building, Transportation and Fire Prevention and Safety funds. The referendum requires a majority of those voting in each respective school district to cast ballots in support of consolidation for it to be approved
 6. Citizens vote.

Importantly, most taxpayers may also want to know about changes to curriculum, extra-curricular offerings, facilities usage and transportation.

LEGAL PROCESSES

In 2006, Senate Bill 2795 created Public Act 94-1019. The Act allows new options for school district reorganization that had not been available in the past, while retaining current existing options, and standardizes the reorganization process from petition requirements to referendum vote. It also eliminated duplicate sections of the School Code by consolidating four of the school district reorganization School Code Articles (Articles 7A, 11A, 11B, and 11D) into a new Article

11E. The legal processes in the Illinois School Code for government school district reorganization we should consider in our study area are:

Unit District Formation

This process would form a new unit district from a combination of elementary districts within Lake Park High School District 108. This is a common method of reorganization and is eligible for all four state financial incentives. **A majority of voters in each affected district** would need to approve the Unit District Formation.

Optional Elementary Unit District Formation

A unit district can be formed from a high school and any elementary district(s) approving the consolidation. Optional elementary unit districts and combined high-school districts are referred to as “hybrid” districts; they include some K-8 territory, plus the remaining territory for high school purposes only. This is a desirable option when some but not all, Pre-K-8 districts are likely to approve a unit district reorganization. This option is only viable if tax rates are approved at unit district rates. This means, territory comprising at least 51% of the estimated assessed value of the high school district must be subject to a combined high school and elementary tax rate for educational purposes of 4% or less. The Illinois State Board of Elections can help districts decide whether they are eligible to form an optional elementary unit district.

Elementary districts electing not to join the new unit district will remain separate, independent elementary districts. However, for a period of five years, these districts can join by a vote within that district. Note, though, that any operational debt incurred since the formation of the new unit district remains the responsibility of taxpayers within that Pre-K-8 district. This is to protect the unit district from Pre-K-12 district decisions to force its operational debt upon the larger territory.

Combination of Elementary School Districts

This process would combine two or more elementary districts in the study area.

Elementary/middle school districts within the same high school district may consolidate – even if not contiguous. This method is also eligible for all four state financial incentives. **A majority of those voting** among all affected areas would need to approve the consolidation.

Annexation

Districts using annexation processes become part of an existing district; one district continues to function and the other no longer exists. Any combination of elementary districts may utilize annexation. Annexations must be approved by the Regional Board of School Trustees and a public hearing is required to provide an opportunity for local proponents and opponents to be heard by the Regional Board. The tax rate of the annexed district converts to the existing rates of the annexing district, however, annexing districts are eligible for state financial incentives, too. Annexations must also be approved in a referendum by **a majority of voters in each affected district**. Prior to the requirement of an election, annexation was the most often used method of school district reorganization.

Dissolutions

Districts with populations less than 5,000 can petition the Regional Board of Trustees to dissolve their district and annex them to one or more contiguous districts. ***Petitions for dissolution may be made by school boards or a majority of voters in the dissolving district.*** This is an automatic process that also requires a public hearing. If a majority of voter signatures in the district favor dissolution, the Regional Board of School Trustees cannot deny the petition and must dissolve the district after a public hearing airs the views of the citizens. This method can force a reorganization and bypass a Board of Education. The annexing districts are eligible for state financial incentives, but the bonded indebtedness of the annexed district remains with the former district – ***unless the annexing district voters vote to assume their bonded debt.***

The Illinois State Board of Education provides [a comparison chart](#) for all the above options.

APPENDIX 1: STUDY KIT INFORMATION

Study committee members had access to the materials and experts listed below as part of our study kit to better understand the issues involved:

ISBE School District Consolidation Publications and Law

[School District Consolidation Brochure \(July 2014\)](#) ✓

[Public Act 94-1019: Improving and Streamlining School District Reorganization](#) ✓

[School District Reorganizations 1983-2022](#) ✓

[Public Act 102-1088: Decennial Committees on Local Government Efficiency Act](#) ✓

[Illinois State Assessments](#) ✓

[Roselle and Medinah Consolidation Study](#) ✓

General Background

[Better Government Association; Too Many School Districts in Illinois? What You Should Know About School Consolidation \(2018\)](#) ✓

[Illinois Policy; Classrooms First: District Consolidation Can Improve Illinois' Education Outcomes while saving Taxpayers Money](#) ✓

[Too many districts: Illinois school district consolidation provides path to increased efficiency, lower taxpayer burdens](#) ✓

<https://www.ednc.org/research-on-optimal-school-district-size-provides-few-answers-for-district-division-committee/> ✓

<https://www.chicagotribune.com/news/ct-xpm-1992-03-19-9201250756-story.html> ✓

Research and Issues Briefs

[Realizing the Ideal School District Size](#) ✓

[Size Matters: A Look at School District Consolidation](#) ✓

[Barnette, L. 2016 Dissertation.pdf \(uncg.edu\)](#) ✓

[School + State Finance Project; Review of the Research on District and School Consolidation \(2019\)](#) ✓

[Drops of Ink; Disparities Across Districts: How Illinois school funding causes inequities in learning \(2021\)](#) ✓

<https://www.educationnext.org/proving-school-to-prison-pipeline-stricter-middle-schools-raise-risk-of-adult-arrests/> ✓

[The Brookings Institution: School Superintendents: Vital or Irrelevant?](#)
[Matthew M. Chingos, Katharine M. Lindquist, and Grover J. "Russ" Whitehurst 2014](#) ✓

Consolidation Examples

https://docs.google.com/a/winfield34.org/viewer?a=v&pid=sites&srcid=d2luZmlibGQzNC5vcmd8dGVzdHxneDo0ZWY4MjcxOGZmMTUxOTlw&urp=gmail_link ✓

[Consultants Recommend against Consolidation of School Systems in O'Fallon-Shiloh;\(2020\)](#) ✓

Other Issues

[Business Insider: Ten Alarming Facts About Teacher Pay in the United States \(2019\)](#) ✓

[Principal Resignations Soar Across Chicago and Illinois, as Educators Cite Burnout](#) ✓

[Wirepoints' Illinois Pension Facts, Articles and Solutions](#) ✓

[EZ Guide to Tier 1 and Tier 2 Retirement under Public Act 96-0889 Tier 1 and Tier 2](#) ✓

Websites

[Opportunity Insights: How We Can Use Big Data to Amplify Education as an Engine of Mobility](#) ✓

[Schwartz Center for Economic Policy Analysis What is Tax Increment Financing](#) ✓

APPENDIX 2: SCHOOL DISTRICT CONSOLIDATION DATA

All districts operate at 100+% of adequacy for evidenced-based funding with the exception of Keeneyville, which is at 70% adequacy. Both Medinah and Keeneyville are in unincorporated areas. The study group prepared comparison data, reported in a [Google Sheets spreadsheet](#).