

Report Snapshot



Local Government:

- Efficient and effective
- Popular (elected officials have high ratings)
- Lower labor costs
- Quality core services

Expenditures Per Capita:

- Smaller governments spend and borrow less
- Smaller forms of government are more cost efficient providing more services at a reduced cost
- Intergovernmental agreements and cooperation

Labor/Benefit Costs:

- Local townships employ a larger share of part time employees and have lower benefit costs

Services:

Myth: Combining services will save money and offer greater efficiencies. As well, the claimed "duplication of services" virtually never exists. Local governments have specific geographical areas of responsibilities.

Smaller Governments Are More Efficient:

In Illinois, the data shows that smaller local governments, including townships, drive greater efficiency, despite theories to the contrary. Local democracy is simply less expensive.

About the Report Author

Wendell Cox is principal of Wendell Cox Consultancy, an international public policy firm headquartered in the St. Louis, Missouri-Illinois metropolitan area. He has published research on local and regional governance issues in Toronto, Pennsylvania, New York, Indiana, Ohio and Michigan and spoken widely on the subject. He has been a visiting professor at the Conservatoire National des Arts et Metiers in Paris (a national university) and has a BA in Government from California State University, Los Angeles and an MBA from Pepperdine University.

About the Township Officials of Illinois

Township government in Illinois today is a vital community link in the Illinois local government system. More than 8 million people are served by township government, which provides important quality-of-life services. Our townships often provide service at little or no cost to taxpayers. Because townships in Illinois are local in nature, they are able to identify specific community needs and respond to them with creative programs and services.

Townships in Illinois are better able to respond to local needs than larger forms of government because our proximity to our constituents keeps us in touch. Townships provide services without government bureaucracy.

The Township Officials of Illinois offices are located at 3217 Northfield Drive, Springfield, Illinois, 62702.

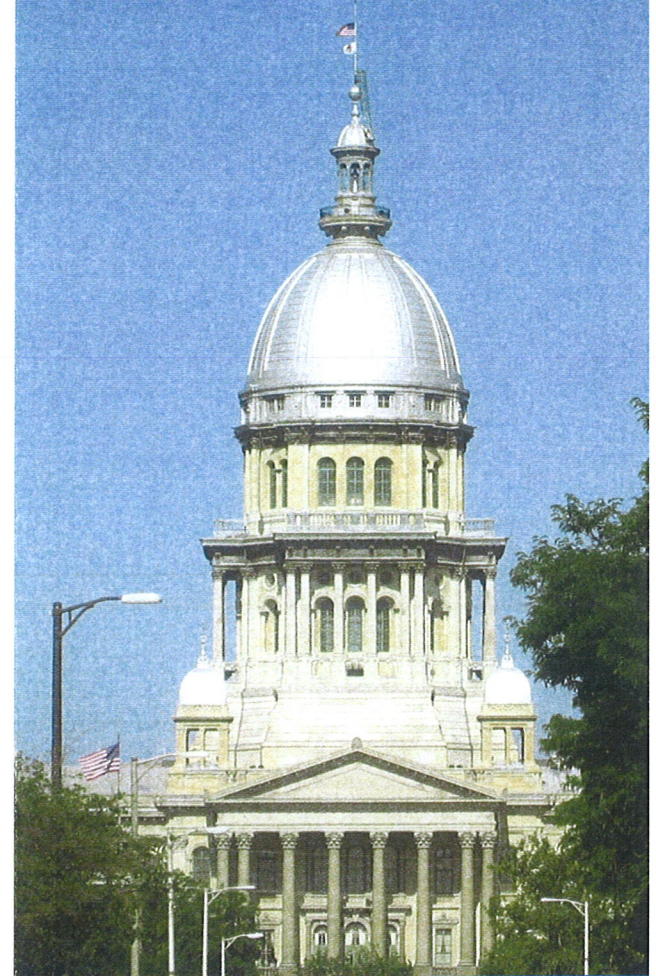
Our telephone number is 217.744.2212 and our fax is 217.744.7419.

Call toll free 866.897.4688 or visit www.toi.org.



Local Government Efficiency & Size in Illinois:

Counting Tax Revenues, Not Governments



Prepared for the Township Officials of Illinois

The Illinois Financial Crisis

The financial crisis has generated a number of policy proposals. One of these is to reduce the number of local governments through consolidation or abolishment. A fundamental assumption of proponents is that the high levels of taxation in Illinois are significantly driven by the state's large number of local governments, the highest figure in the nation. This view assumes that larger governments tax and spend less per capita, a "bigger is better" perspective. Moreover, township governments have been a regular subject for proposed consolidations and abolishment.

Township Financial Performance

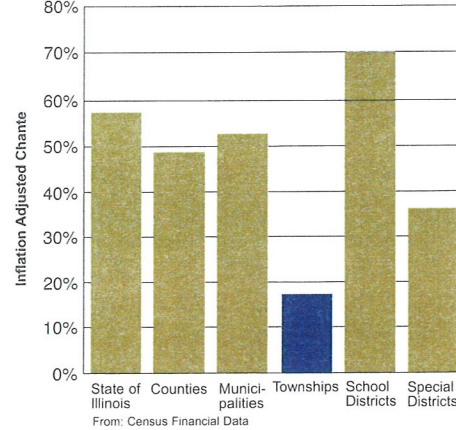
Township financial performance cannot be directly compared to that of cities, villages and towns on a per capita basis because the two types of governments have substantially differing functions. Nonetheless, township performance can be compared at the overall level.

Townships have had a smaller increase in taxation than any other type of government in the state (state, county, municipality, school district and special district) over the past 20 years. Further, township wages and salaries were less than those of other types of Illinois governments. These are indications that township government may be less costly than other local governments.

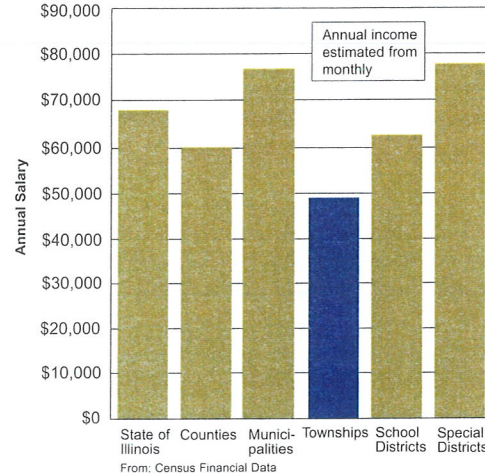
Counting Tax Revenues, Not Governments

Property taxes are assessed in dollars and have no relationship to the number of governments in an area. The preponderance of the evidence in Illinois shows that smaller municipal governments tend to tax less, spend less, and borrow less than larger municipal governments. Transferring services from the lower cost townships to other levels of government could increase costs. Forcing consolidations and abolitions of local governments could increase taxes and spending.

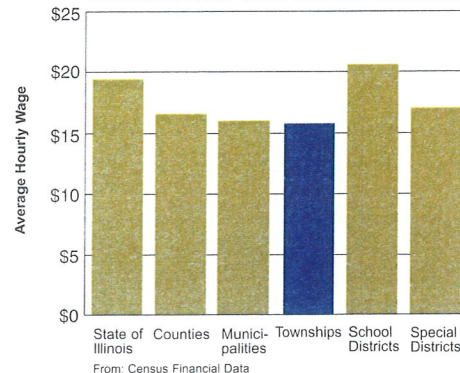
Expenditure Increase by Type of Government
ILLINOIS: 1992 to 2012: INFLATION ADJUSTED



Average Salary by Type of Government
ILLINOIS: FULL TIME EMPLOYEES: 2013



Average Wage by Type of Government
ILLINOIS: PART TIME EMPLOYEES: 2013



Comparing Local Taxes and Spending Between States: Caveats

Often, interstate fiscal analyses make comparisons between states of property taxes and local taxation. These comparisons often fail to note that there are great policy differences between the fiscal and governance policies of the states. For example:

Local Taxes:

On average, 39 percent of state and local tax revenue is from local property taxes in the United States, while 61 percent is from state taxation. Local tax revenues range from only 14 percent of total state and local taxation in Vermont to 58 percent in New Hampshire. In Illinois, 45 percent of state and local tax revenue is from local taxes.

Local Property Taxes:

On average, 29 percent of state and local tax revenue is from local property taxes in the United States, while 71 percent is from other taxes. Local property taxation ranges from only 9 percent of total state and local taxation in Arkansas to 58 percent in New Hampshire. In Illinois, 38 percent of state and local tax revenue is from local property taxes.

As a result, unadjusted local government or local taxation comparisons can be misleading. This report compares taxation at the state level, which is the most comparable level because of these policy differences.