



# **Taxing Bodies Efficiency Task Force**

**Report to the Village Board**

**September 25, 2018**

## Oak Park Taxing Bodies Efficiency Task Force

Final Report – 9/25/18

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## Executive Summary

Over the past several years, property taxes in the Village of Oak Park have grown significantly and at a much faster pace than inflation or the growth in household income. The growth in our taxes has created a real burden for our taxpayers. It poses risks to both current Oak Park residents and to the long-term viability of Oak Park's core values of diversity, affordability, and integration. More recently, we're seeing this increase in taxes as a significant impediment to the ability of residents being able to age in place as people are increasingly being taxed out of their homes. It has dramatically outpaced other communities and is putting Oak Park at a competitive disadvantage.

Much of the growth has come from the approval of numerous referenda by the voters of Oak Park, thus limiting the actions that can be taken today to reduce taxes. As such, we believe it's imperative that we slow the growth of this burden into the future. Unfortunately, there isn't one action that will solve the problem. Instead, this will take collective action over multiple years on the part of all taxing bodies, elected officials, administrators and citizens to transform the way we spend taxpayer dollars, operate and deliver services. We must work together to prioritize, coordinate, consolidate, educate and communicate. It can no longer be business as usual.

Our recommendations fall into four main categories:

- **Budget Discipline**

By adopting a handful of important budget measures, our taxing bodies will go a long way towards changing the trajectory of our tax increases. These include – limiting levy increases to inflation (or less), constraining salary growth of employees, prioritizing spending, reducing excess fund balances (without inflating future spending), enabling cross-jurisdictional consistency in budgeting and planning and creating an independent citizen-led Community Financial Oversight Commission (the CFO Commission).

- **Efficient Delivery of Governmental Services**

There are a total of six taxing bodies that are largely coterminous within Oak Park. Each has its own facilities, administrative staff, services and elected board. Each provides services that are valued by the citizens of Oak Park. The reality is that having this many separate bodies is simply not the most efficient way to deliver needed public services. Our recommendation is to first gauge the public's interest in exploring the combination of taxing bodies through a non-binding referendum. This will give our elected officials the guidance they need to determine the best path forward (whether consolidation, increased collaboration, or some combination of these).

- **Referenda Discipline**

The voters in Oak Park have been very generous over the past several years with the approval of several referenda. Our elected officials have also approved budgets with spending increases that have exceeded inflation. As a result, our taxing bodies financial health is strong and their ability to take a more disciplined approach is high. As such, we recommend that our governing bodies refrain from pursuing another tax increase referendum through 2030.

- **Educate and Inform the Public and Elected Officials**

Budget and referendum decisions have an immediate and long-term impact on our community. It's imperative that our elected officials, budget administrators and the broader public better

understand municipal finance, tax law and the role of each in creating a healthy community. Voters in Oak Park should take a more pro-active role in providing feedback to our elected officials regarding budget priorities and decisions. We are recommending the development of curriculum focused on the financial impact of our taxing bodies' collective actions.

## **Background**

The Oak Park Taxing Bodies Efficiency Task Force was formed by the Village of Oak Park in February 2018 to address the impacts of rising property taxes on Oak Park. The Task Force was asked to evaluate and develop recommendations regarding public services of jurisdictions operating exclusively or predominantly within Oak Park that may present efficiency opportunities that could help to positively impact property tax levels. More information on the Task Force, including detail on items summarized below, is available on its webpage:

<https://www.oak-park.us/your-government/village-board/taxing-body-efficiency-task-force>

*Membership.* The Task Force is a 7-member group, consisting of the following members: Brian Chang, Joi Cregler, Judy Greffin, John Hedges, Gary McCullough, Jim Peters, and David Pope, who served as the Chair of the Task Force. The members of the Task Force met biweekly in public sessions beginning in March 2018. The Task Force received pro bono support from the Metropolitan Planning Council (MPC) to assist with meeting facilitation, solicitation of public comments, preparation of meeting materials, and similar organizational tasks.

*Process.* The Task Force's work process included several steps:

- Development of mission and goals
- Outreach, including communication with representatives of each of the taxing bodies in Oak Park, and resident input through responses to questions that were posted on-line.
- Research, including identification of best practices in government efficiency, interviews with comparable communities, and gaining a deeper understanding of property taxation in Oak Park
- Identification of potential options for solutions, and analysis and prioritization of these options
- Development, articulation and explanation of recommendations

The Task Force believes that its recommendations, once implemented, will move Oak Park toward a more financially sustainable future, with positive implications for the community's affordability and diversity. In order for these recommendations to become reality, it will take commitment from our elected officials and our fellow citizens.

The Task Force would like to thank the Village Board for the opportunity to address the critical and complex topic of taxes in Oak Park. We hope this report leads directly to positive action. We stand ready to assist the Village Board further.

## Problem Statement

*Is there a problem? If so, how did we get here?*

**Rapid rise in property tax levels.** The property tax burden for Oak Park property owners is growing significantly faster than inflation. As the table below illustrates, in the past two years alone the total amount of property taxes levied by all Oak Park taxing bodies has grown by 20%. However, not every unit of government is equally responsible for the increased levies. The three units of government that together make up over 87% of the community’s total tax levy—School District 97, High School District 200 and the Village of Oak Park—have each increased their levies by nearly 25% during this period. Five times the rate of inflation.

Tax Increases for Oak Park Taxing Bodies					
Taxing Body//Year Paid	2000	2015	2017	Increase '15-'17	Increase '00-'17
School District 97	\$33,053,000	\$60,894,000	\$77,403,000	27%	134%
High School District 200	\$22,264,000	\$40,439,000	\$48,963,000	21%	120%
Village of Oak Park	\$12,027,000	\$25,461,000	\$31,297,000	23%	160%
Park District	\$1,865,000	\$8,837,000	\$9,069,000	3%	386%
Oak Park Library Fund	\$3,707,000	\$10,220,000	\$8,972,000	-12%	142%
Oak Park Township	\$2,514,000	\$4,578,000	\$4,687,000	2%	86%
<b>Total Oak Park Levy</b>	<b>\$75,430,000</b>	<b>\$150,429,000</b>	<b>180,391,000</b>	<b>20%</b>	<b>139%</b>
Inflation	\$75,430,000	\$102,487,900	\$107,820,000	5%	43%

(Levy data from Oak Park Township Assessor. Inflation from BLS Inflation calculator)

These recent increases in the local tax burden are putting Oak Park at a meaningful affordability disadvantage versus other communities.

A rising share of residents’ income is going to pay property taxes. In 2000, on average 5% of median household income went to pay taxes by 2017 this had grown to 8.4%. Our taxes have grown at over twice the rate of median household income. Many residents alluded to this point in their on-line comments to the Taxing Bodies Efficiencies Task Force.

*“I appreciate all the services that our tax dollars pay for, especially the schools, libraries and parks, and I love the qualities that make Oak Park unique. But in the 20 years we’ve lived here, our income has not increased as fast as the property taxes, and we’re close to maxed out.”*

Oak Park Resident – On-line comment in response to Taxing Bodies Efficiencies public outreach

The rising property tax burden is likely contributing to a further erosion in residents’ perceptions of their quality of life and satisfaction with the community. In 2017 only 16% as compared to 24% in 2015 responded positively to a question asking about satisfaction with Oak Park’s cost of living in the “Oak Park Community Livability Report” conducted by the National Research Center.

*“We are over-taxing and over-spending in ways that are driving residents out and making those that stay resentful. The system is broken and very much in need of repair.”*

Oak Park Resident – On-line comment in response to Taxing Bodies Efficiencies public outreach

**Comparisons to other communities.** When comparing to other municipalities, the Village of Oak Park has increased the community’s tax burden considerably more than have similar municipal governments in other nearby communities (we only have comparable data for municipalities):

**Tax Increases for Village of Oak Park versus Nearby Communities**

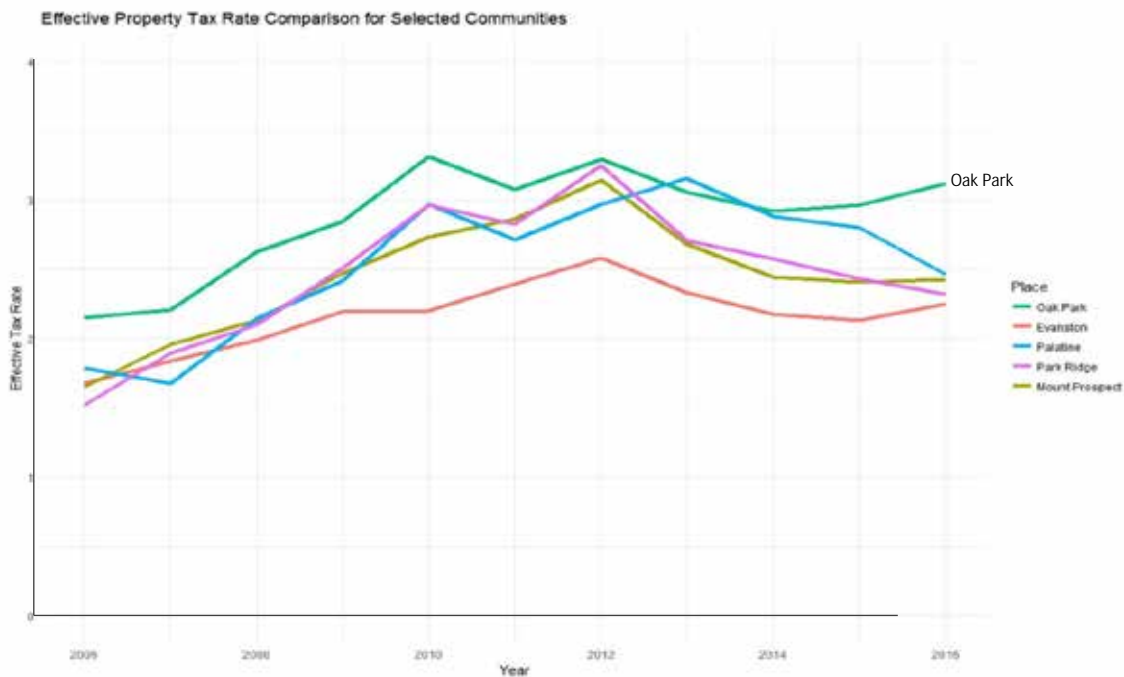
Municipality	2000	2015	2017	Increase '15-'17	Increase '00-'17
<b>Oak Park</b>	<b>\$12,027,000</b>	<b>\$25,461,000</b>	<b>\$31,297,000</b>	<b>23%</b>	<b>160%</b>
Berwyn	\$15,127,000	\$27,021,000	\$28,360,000	5%	87%
Elmwood Park	\$6,057,000	\$10,453,000	\$11,128,000	6%	84%
River Forest	\$3,832,000	\$6,442,000	\$6,589,000	2%	72%
Forest Park	\$3,655,000	\$5,182,000	\$5,287,000	2%	45%

(Levy data from Oak Park Township Assessor)

Oak Park’s property tax burden can also be compared to other communities using effective tax rates, a metric that provides a way to compare tax rates across municipalities and between different tax codes within municipalities more effectively than the composite tax rate ([see definition and methodology from the Civic Federation](#)).

The following chart shows that the Village of Oak Park has a high effective tax rate compared to municipalities that are similar in terms of median household income, demographics, school quality and other factors.

**Historic Effective Tax Rates versus Other Communities**



We’ve also utilized Effective Tax Rates to compare Oak Park property tax levels versus other communities based on home market values – the burden is higher in Oak Park across the board.

**Comparing Tax Bills for Similarly Priced Homes Across Cook County**

**Estimates of 2016 Property Taxes Across Cook County\***

Municipality (Blended Effective Tax Rate)	Home Market Value	
	\$400,000	\$1,000,000
<b>Oak Park (14.365%)</b>	\$15,102	\$39,262
<b>River Forest (11.476%)</b>	\$12,064	\$31,366
<b>Evanston (9.076%)</b>	\$9,541	\$24,807
<b>Kenilworth (8.41%)</b>	\$8,842	\$22,989
<b>Hinsdale (7.72%)</b>	\$8,116	\$21,100

\* Chicago Tribune 06-15-17 "Cook County Property Tax Rates: Look Up Your Town, Estimate Your Bill"

***Key drivers of the rising property tax burden***

The reasons for Oak Park’s tax rates and recent rapid increases are numerous, and include the following:

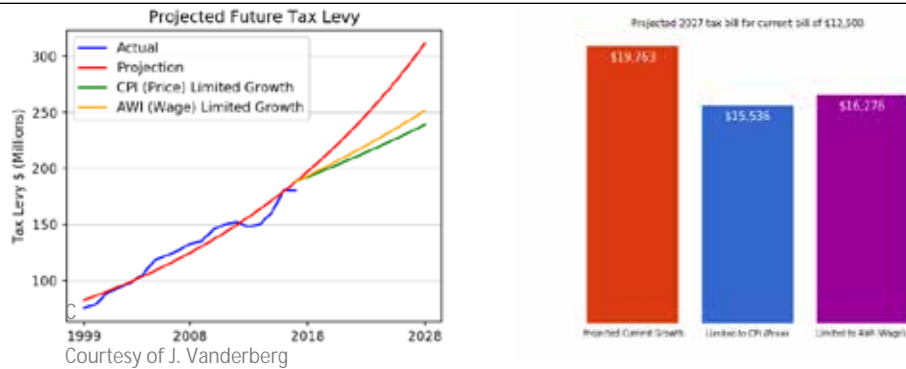
- Investments in infrastructure – schools, parks, libraries, roads, technology. Many of these have been funded by approval of numerous referenda.
- Rising cost of public pensions with little if any flexibility to change trajectory.
- Inherent inefficiencies resulting from having 6 overlapping taxing bodies – each with its own facilities, administrative functions, technology and elected officials.
- The common practice of building (through referenda) and subsequently spending down large fund balances by many of our taxing bodies, thereby allowing tax-capped jurisdictions to build otherwise non-sustainable expenses into their budgets. This practice, in turn, results in the perceived need of these same jurisdictions to propose and pursue referenda in order to increase taxes so that they may sustain programs, services, and otherwise unsustainable increases in annual operating costs.
- Many homeowners will also experience an effective increase in income tax obligations due to the new federal tax law enacted in December 2017 (which eliminated a taxpayers’ ability to deduct his/her/their state and local tax payments in calculating the amount due for their federal income taxes). This change will disproportionately impact higher tax states (including Illinois) and will specifically harm high tax jurisdictions – and specifically Oak Park.

***Future Implications***

The decade-plus pattern of property tax increases here in Oak Park, together with additional spending plans of multiple jurisdictions, makes it reasonable to expect similar tax growth for the next 10 years, unless some significant changes are made. The graph (below, left) plots the levy increase if current rates of increase were to continue. The yellow line is wage growth. The green line is CPI growth. The chart (below right) looks at the scenario of a property with a \$12,500 tax bill in 2018. The bill would rise to \$19,763 by 2028. Wage and CPI growth are shown for comparison.



## If Current Trends Persist...



Additionally, numerous factors make it likely that fiscal pressure will increase over time, not decline:

- Schools continue to ask taxpayers for further resources
  - D97 projected in 2017 that operating costs would continue to be in excess of revenues for the foreseeable future.
  - D200 is gearing up for major capital improvement project through *Imagine OPRF*.
  - Both school districts addressing additional new operational priorities with significant spending.
  - Possibility of shift of additional state pension obligations to local school districts.
- Significant part of Village budget continues to fund pensions as required by state
- The Village, which has home-rule status, continues with budget increases over-and-above inflation
- Limited capacity for commercial development due to Oak Park's stage of development as a fully built-out geographically constrained community will ensure continued over-reliance on residential property tax
- The financial weakness of the State of Illinois shifts additional burdens to local governments which could include further reductions in the State's share of the school funding formula, in addition to shifting further pension costs to local school jurisdictions

### What will happen if property taxes continue to increase?

Even today, many residents say they cannot manage their property tax burden. In a May 2018 on-line survey by the Taxing Bodies Task Force via the Village of Oak Park website, over 50% of the respondents said that they have considered moving or have made plans to move from Oak Park in part because of the rising tax burden.

A greater number of aging villagers may opt to sell rather than stay. This turnover may bring more families with young children to the village, which would further increase public enrollment with no increase in tax revenue.

Realtors say taxes are slowing home sales and depressing prices. A July 3, 2018 article in the *Wednesday Journal* quoted several local realtors: "Prices are down, and taxes seem to be why."; "We've always said, 'What is the tipping point?' I think we've reached it." and "We've reached a saturation point." If taxes continue to rise, this will likely further depress home sales and valuations.



Also, from responses to the Taxing Bodies Efficiency Task Force request for public input we received many comments like the following: *“Our taxes have tripled, and I’m not sure if we can stay here, although we love it here. We’ve seen many friends move, and the high taxes are the primary reason.”*

It is important to view our community’s “affordability” through the lens of total cost of ownership and/or total cost to rent. In turn, even if increasing taxes are resulting in a decline in actual purchase prices of real estate (whether for single family or multifamily residences) the seeming decrease in prices does not mean that such real estate is becoming more “affordable”. This is because the significant increase in taxes (as well as any further uncertainty regarding prospective future tax increases that may also be factored into the declining sales prices) is more than offsetting the declining cost of the real estate itself. Thus, the total cost of ownership and/or total cost to rent is actually going up (even if the perception near term might be that cost of entry in the for-sale market is going down).

### **What is being done today to reduce the tax burden?**

*There are numerous examples of actions being taken by our local taxing bodies to reign-in costs and to collaborate with each other.* These include curbing rising labor costs, opting for greater automation, spreading costs across the life of capital improvements through the use of debt and cost-sharing with other taxing bodies.

In addition, we appreciate and value the Village’s focus to bring new development to Oak Park. It’s worth noting that, in Oak Park’s experience to date, incremental tax revenue from new development has not typically resulted in a reduction in the overall tax burden. Rather, as revenues have grown, spending has grown even faster.

We applaud these efforts to increase revenue generation from other sources that expand the tax base, but the reality is that these actions haven’t moved the dial in a meaningful way. The taxes in Oak Park remain too high. The administrators and elected officials of each of our governmental jurisdictions must take further action and cannot simply rely on the limited accomplishments to-date as evidence of success.

### **What is being done in other communities?**

A review of practices in other communities shows similar actions, but also additional practices to reign-in costs. Interviews with comparable communities revealed that many local governments share services with their neighbors. In our conversations, we also felt that these elected officials and administrators from communities outside of Oak Park had a keen sense of obligation to their taxpayers to live within their means and to not raise taxes. We would like to see the same sense of urgency and commitment to fiscal stewardship in Oak Park’s elected officials or administrators.

- Some local governments report significant opportunities for cost savings in *horizontal sharing* (i.e. a municipality shares services with neighboring municipalities, or a library district shares services with neighboring library districts) in addition to vertical sharing (i.e. different governments in the same geography share services). In terms of significant cost savings, many municipalities find the largest opportunities for savings to be in the public safety area, as emergency response and 911 dispatch needs and costly equipment can be shared; as noted above, Oak Park already works with neighbors on this to some extent.

- Some examples of *vertical sharing* that were reported in some locations were not substantially greater than what local governments in Oak Park already do. However, given that Oak Park features an unusually large number of coterminous local governments, which share exactly the same boundaries, there are likely to be more opportunities for vertical collaboration in Oak Park compared to nearly any other community.

*Case study: efficiencies in Evanston.* The City of Evanston is a close equivalent to Oak Park in many ways, and interviews with Evanston staff and elected officials uncovered several recent practices that may be of relevance in Oak Park.

- Township dissolution. In 2014, Evanston residents passed a referendum directing Evanston Township to dissolve and transfer its responsibilities to the City of Evanston.
- Priority-based budgeting. In 2018, driven by budget needs, the City initiated a priority-based budgeting process as an approach to prioritizing spending. To date, their effort has involved significant public outreach, which continues. More detail on this is included in the recommendation section.

## Recommendations

### *General Introduction*

The ability to reduce the tax burden from today's level is limited. Voters have approved referenda, long-term capital bond payment schedules are set, many collective bargaining agreements and associated wage rates have been established, and governmental budgets are paying for services that directly benefit citizens of the village and that have, in many cases, embedded and vocal constituencies.

In turn, the recommendations of the Task Force are focused on future actions that should be taken to slow growth in taxes by taking a more coordinated approach across all taxing bodies which includes setting community-wide priorities, instilling budget discipline, utilizing common planning assumptions, finding ways to consolidate common functions, and educating elected officials and taxpayers as to the financial impact of their collective decisions.

These recommendations are a result of public outreach, communication with taxing bodies, conducting independent research, and consulting with various community leaders / experts.

### *Budget Discipline*

By adopting a handful of important budget measures and constraining spending, our taxing bodies will go a long way towards changing the trajectory of our tax increases.

- Limit actual property tax increases to inflation (CPI) or less for every governmental jurisdiction
  - In Illinois, tax caps were instituted with the intention that tax revenues would generally increase at the pace of inflation. Oak Park's increases have far outpaced this goal. All governmental budgets, including those that are not tax-capped, must be constrained to live within CPI for an extended period.
  - The Village can take a leadership role here and take immediate action towards this goal by limiting 2019's property tax increase to 3% rather than the stated goal of 5%.
- Constrain salary growth
  - Set total compensation packages (base salary, contractual "bonus" structures including steps and lanes, pension benefits, healthcare benefits, work hours/days, work schedules, vacation, sick-time, holidays, other paid time off, continuing education benefits, retiree and dependent healthcare and compensation benefits beyond pensions, etc.) at and not above the level required to attract and retain qualified employees.
  - Publish information regarding both the hiring and attrition statistics for all full-time positions.
- Prioritize spending
  - Utilize a spending assessment framework that is integral to the budget process, which clarifies trade-offs, relative performance outcomes, associated costs, and relative opportunities for efficiencies and tax savings.
  - Consider using a budgeting approach which incorporates key elements including considering the community's relative prioritization of spending categories. Public input is meant to help guide elected officials to more efficient budget decisions.

- Reduce excess fund balances
  - Establish and follow sensible reserve guidelines that meet the needs of the taxing body while not allowing for considerable excess fund balances at taxpayer expense.
  - Mandate taxing bodies to act through citizen-led referendums if they do not act on their own to reduce excess balances.
- Utilize common assumptions and metrics for planning and budgeting purposes across all jurisdictions (e.g. common assumptions for CPI, New EAV Growth, reassessment values, etc.) and prepare integrated single-year and 5-year financial plans and projections which will:
  - Enable the creation of a high-level community-wide summary of key financial metrics, expected cost of jurisdictional capital projects, potential funding sources and likely cost to taxpayers.
  - Create needed transparency for the citizens, elected officials, media and oversight organizations to better understand the collective impact of the plans and budgets of our taxing bodies.
  - Enable a community-wide multi-year capital projects calendar.
- Establish a citizen-led village-wide Community Financial Oversight Commission which will:
  - Recommend annually a village-wide operating budget increase as informed by inflation
  - Recommend cost saving actions including automation and eliminating redundant services
  - Evaluate and publish the collective impact of planned referenda
  - Monitor and publish budget decisions of each taxing body including % increase of each budget versus recommended increase and versus inflation
  - Regularly publish the cost of providing government services in Oak Park versus other communities.
  - Develop a curriculum to be used to train / inform elected officials and budget administrators as to the financial impact of our taxing bodies collective decisions
  - Periodically host public forums on budget, planning, referenda, large capital investments and tax related topics.

### ***Efficient Delivery of Governmental Services***

Determine ways to reduce the cost of having six coterminous taxing bodies – facility consolidation, merge/consolidate/coordinate administration functions, services and technology.

- Evaluate the merging of coterminous jurisdictions including the Village of Oak Park, Oak Park Township, the Oak Park Public Library, and the Park District of Oak Park.
- Place an advisory Jurisdictional Consolidation Referendum question on the November 2018 ballot for consideration by the voters of Oak Park. This will give our elected officials the guidance they need to determine the best path forward (whether consolidation, increased collaboration, or some combination of these).

### ***Referenda Discipline***

The voters in Oak Park have been very generous over the past several years with the approval of several referenda. Our elected officials have also approved budgets with increases over and above the rate of inflation. As a result, our taxing bodies financial health is strong and their ability to take a more disciplined approach is high.

- Refrain from running tax increase referenda through 2030.
- While the Village is not subject to property tax caps and therefore would not be subject to this recommendation, we believe the Village should conduct its financial management as if it were subject to the property tax caps through 2030 which effectively means limiting budget increases to inflation (CPI).
- Require excess fund balances to be used first for capital expenditures – debt would only be utilized once excessive fund balances have been extinguished.

In addition, all taxing bodies should agree to move consideration of all referenda to the fall / general election to increase voter engagement and participation.

***Educate / Inform Voters and Elected Officials***

Budget and referendum decisions have an immediate and long-term impact on our community. It's imperative that our elected officials, budget administrators and the broader public understand municipal finance, tax law and the role of each in creating a healthy community. We also believe voters in Oak Park should take a more pro-active role in giving our elected officials feedback on budget decisions.

- Educate the public and elected officials on the financial impact of our taxing bodies collective decisions
  - Use curriculum developed / approved by the Community Financial Oversight Commission.
- Educate voters of actions they can take as voters and taxpayers
  - Encourage them to vote in all elections – and to fully understand the issues on the ballot.
  - Hold elected officials accountable for the decisions they make.
  - Participate in budgeting prioritization input discussions.
  - Take advantage of the recently enacted provision in Illinois law that allows voters to direct taxing bodies to reduce excess fund balances through referenda.

### ***Summary***

We recognize that these recommendations, if implemented in total, will require significant change on the part of our taxing bodies. We believe that embracing this change and navigating a new, more disciplined course, is critically important for the long-term viability of our community. Old habits are hard to break, but we must break them.

In order for these recommendations to come to life, our taxing bodies must forge a path of cooperation and trust. We are all in this together and must work to ensure Oak Park is the vibrant, unique and sought-after community that we all call home.

It can no longer be business as usual.

## Detailed Summary of Each Recommendation



## **Budget Discipline**

### ***Ensure Budget Discipline***

#### **Summary**

Additional collective budget discipline will help Oak Park's governing bodies to increase the overall level of efficiency, prioritization and the consideration of the collective needs and interests of our community in advancing the welfare of our residents as a whole. The objective of the recommendations in this section is to bring a greater degree of discipline to the evaluation of spending priorities, and to recognize with respect to both taxation and spending, that jurisdictional myopia at the expense of the dramatically increasing tax burden can no longer be tolerated or justified as business as usual.

### ***Limit Property Tax Increases to CPI***

#### **Summary**

This recommendation (taken together with the later recommendation that all jurisdictions refrain from proposing tax increase referenda through 2030), is designed to significantly change the trajectory of the rate of increase in the property tax burden in Oak Park going forward. Fund balances are largely healthy for Oak Park's governmental jurisdictions. These, in turn, can insulate these same jurisdictions as they adjust their spending patterns to live within a lower anticipated rate of growth in revenues than may have been previously anticipated (with those higher expectations potentially built upon assumptions that included one or more successful tax increase referenda prior to 2030). Setting these lower specific targets will help to bring each jurisdiction back into alignment with inflation growth and the rate of increase of incomes in Oak Park (across all income cohorts). An important component of this recommendation is to begin to enforce budget discipline more publicly and collectively versus on a jurisdiction by jurisdiction basis.

The Village should take a leadership role here and take immediate action towards this goal by limiting 2019's property tax increase to 3% rather than the stated goal of 5%.

#### **Analysis**

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

The tax savings would come initially from taxing bodies agreeing to accept increases over an extended period that are reflective of the growth in inflation. This would also drive a degree of discipline on the budgeting and spending side of the equation that would help restrain future spending (and thereby future tax demands) as well. Regarding The Village specifically, the Village has set a 5% target limit for 2019. At 5%, the Village's Levy for 2019 would rise by approximately \$1.7 million versus 2018. At 3%, the increase would be \$1.04 million, a reduction of approximately \$660,000.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

This will help to strengthen transparency and accountability across jurisdictions and should help to make it easier for our elected officials to make difficult decisions. Currently, some jurisdictions (particularly those with large fund balances, a recently approved referendum, or home rule status) may find it more difficult to restrain the inclination to spend. Budget decisions are difficult to make and can raise resident concerns, so having a cap or a benchmark may help elected leaders to enforce such discipline.

With this action, the Village specifically also helps to take a lead in reducing the property tax burden on residents; it sets an example. By state law, other local taxing bodies have levy caps. As a home rule entity, the Village does not. If it brings its levy increase into line with other taxing bodies, the Village is then far better equipped to work with other jurisdictions to provide property tax relief in Oak Park. At the same time, we recognize that the Village is currently unique in its financial exposure to liabilities from decisions that are outside of its control (specifically regarding the establishment of benefit levels associated with public safety pensions). We also recognize that other jurisdictions may be at risk of incurring additional obligations due to future state action.

Finally, this 3% cap for the Village is intended to be an interim step. The goal should be to set future levy increases at no more than the rate of inflation.

*What are potential negatives of implementing this proposal?*

Some taxing bodies are clearly better positioned to adjust to such a CPI environment for 12 years. Nonetheless, the goal is to live within existing funding sources, increased at CPI, and to recognize that the collective health of the community and its residents depends upon such a commitment.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

It should largely be equitable.

*Practically, what steps would be necessary to implement this proposal?*

Together, the taxing bodies would need agree to such limitations and would need to adjust spending patterns to reflect a revised set of revenue assumptions. There is no way to compel taxing bodies to participate; this would not be legal and binding, but instead would be done in the spirit of cooperation and would be reinforced through public commitment by elected leaders of each group.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

It may be difficult to implement as it will require taxing bodies to collectively adopt such taxing and budget discipline as a shared commitment. This would help foster inter-jurisdictional conversations about priorities and trade-offs and guide staff budget planning activities.

## Budget Discipline

### *Constrain Salary Growth*

#### Summary

Recommendation that each governing body constrain salary growth. Personnel costs are the single largest cost driver in the provision of local government services. Base salary is simply the starting point for personnel-driven costs, with health-care and retirement costs driving a very substantial portion of the cost of governance in Oak Park. Savings achieved as a result of constraining salary growth will flow directly to governmental efficiency and tax savings. The dramatic increase in the cost of the provision of government services over the course of the past 25 years is attributable directly and predominantly to increases in salary costs and associated non-salary personnel costs. Based upon the high levels of applicants and the relatively low turnover in many governmental units, it appears that the jurisdictions are providing too many people too high salaries and too generous benefit packages that are making Oak Park increasingly unaffordable for more and more of our residents (including both those who are economically most at risk – who have been struggling with the tax burden for years – and increasingly individuals and families well into “middle class” income cohorts).

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Salary growth at most Oak Park governmental jurisdictions has grown at a rate that has far outpaced inflation – while salary growth among many cohorts in the private sector has struggled to simply keep pace with inflation (and for a number of important cohorts has fallen materially behind inflation). As important, or more important, the rate of increase in non-base-salary compensation for Oak Park public-sector employees has increased at rates that have dramatically outpaced inflation. Looking at application/hiring ratios and retention ratios, it is clear that Oak Park public sector employment is considered a highly desirable employment opportunity.

Having been the beneficiaries of generous rates of increase in combined salary and non-salary compensation, it is clearly reasonable for Oak Park’s elected governmental bodies to work with public employees to bring these salary and non-salary costs back into a degree of reasonable balance. Instituting a long-term salary strategy characterized by time-defined salary freezes followed by below-inflation rates of increase could help to bring Oak Park’s jurisdictions back into alignment regarding governmental costs. This recommendation should be viewed on a macro-level by each jurisdiction, understanding that there may be unique needs and circumstances that require different salary treatments for different units or employee groups within each organization. Nonetheless, without a concerted effort to constrain (and in some cases reverse) salary growth, no effort at taxing body efficiency can be successful enough to materially impact tax rates here in Oak Park.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

Increased peer pressure across governmental units regarding salary constraint will help to increase leverage for broader impacts in salary negotiations for all jurisdictions. The primary driver for this recommendation is cost savings. There is some possibility that a limitation on further increases will lead any long-time employees who may be motivated to stay simply due to potential further increases to their pension retirement levels to choose to retire instead -- thereby facilitating some positive turnover

(whereas long-time employees who are still motivated by their work and the compelling nature of their contributions will likely remain which would obviously be to the benefit of our community).

*What are potential negatives of implementing this proposal?*

None

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

This may help to encourage some positive turnover (see above), which could help certain jurisdictions, and particularly D97 and D200, to accelerate their ability to achieve some of their stated goals regarding diversity in their hiring practices and employee bases.

*Practically, what steps would be necessary to implement this proposal?*

All of the coterminous units of government operating here within Oak Park, along with Oak Park River Forest High School should work to implement this proposal (noting that Oak Park Township has a generally lower salary structure and may not reasonably be expected to achieve the level of savings available to the other jurisdictions). Recognition of the actual rates of increase in salary and compensation-driven increases for each jurisdiction is a necessary starting point. Collective targets may be helpful, but ultimately each jurisdiction needs to recognize their responsibility and role in putting a ceiling on costs and reigning in personnel-associated spending.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

This will be difficult to implement as it will likely be opposed, at least initially, by many of the public employees (and public employee bargaining units) in Oak Park. It may even be resisted by some of the elected officials and Boards in the community, recognizing that this is a recommendation that will require challenging and painful decisions and discussions. A public education campaign will need to precede such efforts, so that it can be made clear to the public why such difficult measures need to be undertaken. Outside support (legal, compensation consultants, operational consultants, financial analysts, etc.) may also be required by the jurisdictions.

## Budget Discipline

### *Publication of Number of Applicants*

#### Summary

Recommendation that each governing body publish information regarding both the hiring and attrition statistics for all full-time positions (specifically including the number of applicants for each full-time hire that is being sought and the number of employees leaving employment with Oak Park jurisdictions for higher pay in substantially similar roles elsewhere in the region).

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

The collective set of total compensation benefits provided to public employees significantly exceeds base salary compensation. Unfortunately, public discussions among both elected Board members and discussions among members of the public more generally, too often focus on base salary alone. In addition, these discussions too often occur in the context of so-called “comparable communities” and what such communities are paying their “comparable employees” in terms of base salary. These so-called “comparables” are often referred to as if they are specific, unimpeachable demonstrations of true market-value for salary levels for equivalent employees, and that, as a result, equivalent or higher salaries must be paid in order to remain “competitive” in the “marketplace” for public employees. This is not the case.

Nonetheless, because the set of considerable additional benefits (beyond base salary) are too often left out of the discussion, base-salary costs alone are often interpreted (by Board members as well as by members of the general public) as being reasonable and in line with other comparable private sector salaries. In turn, references to equivalent public-sector “comparables” are often seen to be reasonable reflections of the salary levels required to hire competent, qualified employees. They are not.

A better “market-test” for each Oak Park governing body regarding the salary levels that are required to attract employees with the experience, skills, and characteristics that they would seek for open positions would be to look at the number of applicants that each governing body receives for each open full-time position for which they are attempting to hire. Certainly additional information could be provided as well (e.g. the number of “qualified” applicants, etc.). At a minimum, however, understanding and publishing the number of applicants would serve to highlight the relative level of market demand for a full-time job with each of our Oak Park governing bodies at something at or below current cumulative compensation levels.

This recommendation also anticipates publishing the number of employees who leave employment with Oak Park governing bodies to move to a similar role with another Illinois-based jurisdiction, and that do so at a salary level above what they were being paid in Oak Park. This is the actual answer to the “strawman” argument advanced by some that, if Oak Park jurisdictions do not increase salaries and associated benefits at some particular rate, that employees will begin to leave these Oak Park jurisdictions for higher salaries elsewhere. There is very little evidence that this is a real phenomenon here in Oak Park, but it is a regular refrain from those looking to increase the overall public salary and compensation structure within the community.

Taken together, these two factors (# of applications/open position and % of salary-driven attrition) would provide a window into the overall competitiveness of the total compensation packages provided by Oak Park's governmental units. They would also likely highlight that the cumulative value to both current employees and to prospective employees of working for our Oak Park jurisdictions is actually higher than is currently required in the marketplace to attract and retain the number and quality of employees required to deliver services at the levels that we demand. In other words, the combination of compensation-based and non-compensation-based factors associated with public jobs in Oak Park may well be higher than it needs to be. If so, this would be born out in our application, hiring, and turnover statistics. Publishing these statistics would allow our community to help reset reasonable expectations regarding compensation levels and would aid elected officials and governing bodies in negotiating salary levels that fairly meet the needs of both employees and the taxpayers who pay them.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

Yes. See above. Also, enhanced transparency, improved retention, and simplification of the negotiation and collective bargaining process would also result.

*What are potential negatives of implementing this proposal?*

Simply publishing the application and retention/turnover statistics are not time consuming or difficult activities, so there are no identified negatives from implementing this proposal.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

There should not be any inequitable implications resulting from the implementation of this proposal.

*Practically, what steps would be necessary to implement this proposal?*

All of the coterminous units of government operating within Oak Park, along with Oak Park River Forest High School should be able to easily implement this proposal. It would likely be valuable for all of the jurisdictions to publish the information in a similar format and make it publicly available in a consolidated way across jurisdictions (e.g. utilizing shared definitions, providing any additional relevant information, employing similar methods of collection and presentation, and selecting similar publication vehicles and timelines). Initial leadership by a jurisdiction in advancing the discussion would also be helpful (e.g. if the Village took the lead in helping to coordinate with other jurisdictions regarding the collection and publication of the information, that might help to advance the process most efficiently).

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

This should be an easy win for each of the jurisdictions and should help each of them to advance the goals that they each have already established.

## Budget Discipline

### *Prioritize Spending (through a structured prioritization framework)*

#### Summary

The most effective budgeting practices rely upon an assessment framework that is built into the budgeting process itself. Such an assessment framework helps to clarify trade-offs, relative performance outcomes, associated costs, and relative opportunities for efficiencies and tax savings. They do that by supporting common metrics across an entire taxing body.

A number of prioritization approaches have been used successfully by some municipalities and governmental jurisdictions. Such approaches identify the programs a taxing body delivers and identify each program's costs. They broaden a taxing body's staff assessment of program priorities by asking community members for their relative assessment of the community's priorities. This input then guides elected officials to more efficient budgeting policies.

The Task Force's assumption is that each Oak Park governing body will utilize a budgeting process that clarifies trade-offs, relative performance outcomes, associated costs, and relative opportunities for efficiencies and tax savings, while encouraging transparency, public education about the process, and welcoming public input.

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Yes. By assessing each program across an organization utilizing common metrics, the budgeting process can help to identify areas of overlap, opportunities for more efficient coordination, and relative prioritization. It can also help identify programs with small benefits to the community. Such a process can also help to identify cost-savings as each taxing body looks to meet commitments to achieve lower levy increases.

Currently, non-home rule taxing bodies typically levy to the maximum amount permitted by law. The Village of Oak Park, as a home-rule entity without a tax cap, has seen levies that have exceeded CPI in recent years. Prioritizing spending through the budget process can help jurisdictions to increase efficiencies or to identify projects with limited impact or providing minimal overall benefit.

*Beyond cost savings, are there other positive benefits of implementing this proposal?*

Yes. It adds transparency across the budgeting process and makes it easier for taxpayers and elected officials to "speak the same language." Community outreach and engagement as part of this process can enable budgeting activities to be presented and discussed in more common terms and utilizing various media and communication mechanisms.

*What are potential negatives of implementing this proposal?*

Changes to any budgeting process always require a period of adjustment, for elected officials, for staff, and for members of the public. Efforts to further engage the public in the sometimes dry work of public budgets and policymaking can also be challenging and can sometimes result in a small but determined group to disproportionately impact the input regarding any particular issue or narrow funding priority.



However, elected officials always continue to exercise their responsibility to make determinations based upon their assessment of what is in the best interest of the community.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

If elected officials exercise their powers responsibly, they can assure that impacts of any budgeting process will not adversely impact specific populations.

*Practically, what steps would be necessary to implement this proposal?*

The first step would be for the Village of Oak Park Board to define the process and timeline required to adopt any agreed upon adjustments prior to the initiation of the 2020 budget process (allowing sufficient time for staff and trustees to tailor an answer that works for Oak Park).

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

In its initial implementation, any change to the budget process will require additional staff time, effort, and energy.

## Budget Discipline

### *Reduce Excess Fund Balances*

#### Summary

This recommendation is meant to bring relief to our taxpayers through the reduction of excess fund balances at each of the taxing bodies to a level that complies with (but does not exceed) state guidelines for local government fund balances. This relief would come in the form of reduced levies as dollars are spent from fund balances. These dollars could also be used to fund capital projects, thus avoiding the issuance of debt. At a minimum, the taxing bodies should use excess fund balances before issuing any long-term debt.

If the taxing bodies don't act on their own to reduce excess balances, recent legislation allows for citizen-led referendum to mandate taxing bodies to act (only applies to school districts).

Over the long-term, the taxing bodies should establish and follow sensible reserve guidelines that meet the needs of the taxing body and do not allow for considerable excess fund balances at taxpayer expense.

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Yes, excess fund balances will be used to supplement operating expenses rather than current tax dollars, thus reducing the amount of the levy.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

This should lead to greater discipline and accountability as taxing bodies will no longer have a "cushion" to rely on for budget flexibility or to create unsustainable spending.

*What are potential negatives of implementing this proposal?*

If implemented, our taxing bodies would have less flexibility to weather / address budget stress that could be caused by circumstances beyond their control – i.e. State related short-falls in funding.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

We do not believe there would be adverse impacts.

*Practically, what steps would be necessary to implement this proposal?*

Taxing bodies could act on their own or a citizen-led petition would be required as a necessary precondition to placing a referendum on the ballot. This relies on statutory law that only applies to school districts (i.e. D200 and D97). Citation: 35 ILCS 200/18-206

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

Not difficult if the taxing bodies act alone – much more difficult if it is done as a citizen-led petition.

## Budget Discipline

### *Consistency in Budgeting and Capital Planning Across Taxing Bodies*

#### Summary

This represents an opportunity for each of the local taxing bodies to develop and use a set of common assumptions to inform their creation of multi-year plans and budgets:

- Prepare integrated single-year and 5-year financial projections for each taxing body such that they feed into a high-level summary of community-wide key financial metrics and projections.
- Utilize common assumptions and metrics for planning and budgeting purposes across all jurisdictions (e.g. common assumptions for CPI, New EAV Growth, reassessment values, etc.).

This would allow for a high-level community-wide summary of key financial metrics, expected cost of jurisdictional capital projects, potential funding sources and likely cost to taxpayers. This would create needed transparency for the citizens, elected officials, media and oversight organizations to better understand the collective impact of the plans and budgets of our taxing bodies. This would also enable a community-wide multi-year capital projects calendar.

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Not directly, but it will allow our elected officials and the public to take a tally of the overall cost of government services in Oak Park. It will also give the public an opportunity to assess the relative value of the expected spending and budgeting.

*Beyond cost savings, are there other positive benefits of implementing this proposal?*

Yes. It addresses one of the weaknesses of a multi-government community – no consistency in budget presentation or in assumptions used for planning purposes across taxing bodies. It also creates common language / metrics for the media, citizens and elected officials to track plans and expected expenditures. It's currently too cumbersome, complex and costly for these constituents to calculate overall impact over multiple years.

*What are potential negatives of implementing this proposal?*

It will require staff time to reach agreement regarding the optimal format and assumptions to include.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

Generally, transparency is a positive for the entire community.

*Practically, what steps would be necessary to implement this proposal?*

The taxing bodies would have to come together and agree to this proposal. They would have to work together to implement along with the to-be-formed Community Financial Oversight Commission.

There was an agreement at the Council of Governments to do something similar in 2007. The group agreed to develop a coordinated 5-year financial model reflective of all governmental projections. The governing bodies agreed to work together to develop a rolling five-year financial model that reflected revenues from all sources and general categories of expenditures. As part of this effort, common calculation methodologies and definitions were meant to be established -- e.g. a common basis for projection of EAV increases, CPI increases, discount factors, etc. While the work was done to develop a baseline report, unfortunately, this work did not continue.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

If the proposal is supported by the various taxing bodies, it should not be difficult to implement.

## Budget Discipline

### *Formation of an independent, citizen-led village-wide Community Financial Oversight Commission (CFO)*

#### Summary

Establishment of an independent commission composed of a diverse group of individuals with backgrounds in finance and management. The Commission will act as a community resource with the goal of encouraging financial discipline and creating awareness of the tax impacts individually and collectively of our governing bodies' financial decisions. This will be accomplished by making recommendations, monitoring financial activities, benchmarking with other communities, and educating and creating awareness amongst elected officials, administrators and members of the public.

This commission will:

- Publish a high-level summary of the multi-year plans of our taxing bodies including anticipated capital budgets. Monitor actual budgets versus projected multi-year plans – and publish results.
- Recommend annually a village-wide operating budget increase as informed by inflation. Monitor and publish budget decisions of each taxing body including % increase of each budget versus recommended increase and versus inflation.
- Recommend common assumptions to be used in budgets and planning across taxing bodies. Monitor and publish assumption variances versus recommendations by taxing body.
- Evaluate and publish the collective impact of planned referenda. Monitor actual results post referenda versus planned.
- Regularly publish the cost of providing government services in Oak Park versus other communities.
- Develop a curriculum to be used to educate elected officials, administrators and voters as to the financial impact of our taxing bodies collective decisions across the community
- Periodically host public forums on budget, planning, referenda and capital project related topics.

The commission will require dedicated resources to assist them in carrying out their duties.

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Not directly, but it will provide the citizens of Oak Park with a commission of experts who will independently track the financial activities of all of our taxing bodies – giving us a comprehensive and collective view of the impact of the financial decisions and plans of those bodies. It will facilitate a big step towards creating accountability by recommending village-wide rates of increase and assumptions to be used for budgeting and planning purposes. It will monitor and publish whether the taxing bodies are following its advice. It will enable our elected officials and the public to more fully understand the financial activities of our taxing bodies and to take a tally of the overall cost of government services in Oak Park relative to other communities. It will also give the public an opportunity to assess the worthiness / affordability of the expected spending and budgeting.

*Beyond cost savings, are there other positive benefits of implementing this proposal?*

Yes. This commission will utilize common language / metrics for the media, citizens and elected officials to understand and track financial activities. It's currently too cumbersome and complex to create a meaningful financial comparison across taxing bodies.

*What are potential negatives of implementing this proposal?*

It must be perceived as an independent commission – if it's viewed as being unduly influenced by one or more of the taxing bodies, it may jeopardize its credibility and lessen its effectiveness.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

The activities of the CFO Commission should be positive for the entire community.

*Practically, what steps would be necessary to implement this proposal?*

In order for this proposal to be implemented, the elected officials and citizens of Oak Park will have to come together and support the establishment and work of this Commission. The taxing bodies will have to further support the Commission by adopting its recommendations and, potentially, by underwriting its work financially. We will have to create a mechanism to recruit qualified, independent members of the Commission.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

It will not be difficult if each taxing body agrees to accept a greater level of financial scrutiny and accountability. Each will now not only be evaluated on their individual actions, but also on how their actions have impacted the broader Oak Park community.

## Efficient Delivery of Governmental Services

### *Jurisdictional Consolidation Referendum*

#### Summary

A Jurisdictional Consolidation Referendum question would be placed on the November 2018 ballot for consideration by the voters of Oak Park to determine if the community should consider the merger and consolidation of coterminous taxing districts – including but are not limited to the Village of Oak Park, Oak Park Township, the Oak Park Public Library, and the Park District of Oak Park.

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Consolidation of governmental activities may well result in a material reduction in the cost of the delivery of governmental services. The significant majority of governmental costs in Oak Park are personnel-related (both due to short-term salary and benefit expenses and longer-term pension-related expenses). The consolidation of governmental activities holds out the potential for cost savings in multiple areas. The most important potential cost savings areas are:

- A) Elimination of duplicate activities and/or facilities (e.g. reduction of substantially similar and redundant “back-office” functions and positions);
- B) Streamlining of similar functions (e.g. having one consolidated payroll system);
- C) Consolidated establishment of government priority setting and corresponding taxation and spending decisions;
- D) Reduced capital reserve requirements for working capital and risk capital;
- E) Spreading infrastructure and capital investment expenditures over time in a way that balances spending and respects the impacts of the resulting tax burden on taxpayers;
- F) Clarity regarding consolidated authority and responsibility for decisions and their resulting impacts.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

Yes. See above

*What are potential negatives of implementing this proposal?*

There is no downside from placing the advisory referendum question on the ballot, as doing so would simply provide elected officials with insights regarding the perspectives of voters within Oak Park. In this way, the placement of the ballot question enhances small “d” democracy regarding an important question concerning the method of the delivery of important governmental services here in our community.

If such a consolidation were to eventually occur (following the conducting of an advisory referendum, considerable additional analysis, evaluation and planning, modification of state law, and an eventual binding referendum vote of Oak Park voters), it would result in a trade-off of approaches to the provision of governmental services. Such a result would move away from the approach that may be characterized as being more narrow and potentially special-interest driven and that results in more focused, specific, lower-level attention and spending-decisions. This would be replaced by an emphasis



on broader priority setting and more balanced decision-making across competing priorities, marked by a consideration for greater fiscal restraint. In addition, a number of currently elected bodies with formal decision-making and taxing authority would likely become advisory bodies with recommending authority.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

The quality and quantity of services delivered would not be adversely impacted for any population (as there is no reason that all services would not continue to be provided independent of the supporting governmental structure that exists).

*Practically, what steps would be necessary to implement this proposal?*

Any governmental units that would be part of any potential consolidation would be partners in the effort to help ensure that such consolidation efforts would be implemented so as to capture the efficiency benefits of the consolidation without negatively impacting the quality of service delivery of any of the responsibilities of the predecessor governmental units.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

The placement of the advisory referendum simply requires a vote of the Village Board.

## Referenda Discipline

### *Multi-Jurisdictional Agreement to Refrain from Running Any Tax-Increase Referenda Through 2030*

#### Summary

Illinois' 'tax cap law' seeks to limit tax increases to the rate of inflation. Property taxes are, by definition, not tied to a taxpayer's income, but the rate of inflation is also a reasonable proxy for income growth, particularly among individuals in the lower income quintiles in Illinois. Consequently, above-inflation tax increases can result in financial hardship for some (or even many) taxpayers within a jurisdiction. Over the years, Oak Park taxing districts have relied on referenda, bonding practices, and home rule authority, to increase the level of property taxation within the community at a rate that has far exceeded inflation. Each of Oak Park's six (6) taxing bodies have contributed to the increase as shown in the table below.

#### Summary of Oak Park Property Tax Levy Increases vs. Inflation

Taxing Body//Year Paid	2000	2015	2017	Increase '15-'17	Increase '00-'17
School District 97	\$33,053,000	\$60,894,000	\$77,403,000	27%	134%
High School District 200	\$22,264,000	\$40,439,000	\$48,963,000	21%	120%
Village of Oak Park	\$12,027,000	\$25,461,000	\$31,297,000	23%	160%
Park District	\$1,865,000	\$8,837,000	\$9,069,000	3%	386%
Oak Park Library Fund	\$3,707,000	\$10,220,000	\$8,972,000	-12%	142%
Oak Park Township	\$2,514,000	\$4,578,000	\$4,687,000	2%	86%
<b>Total Oak Park Levy</b>	<b>\$75,430,000</b>	<b>\$150,429,000</b>	<b>180,391,000</b>	<b>20%</b>	<b>139%</b>
Inflation	\$75,430,000	\$102,487,900	\$107,820,000	5%	43%

(Levy data from Oak Park Township Assessor. Inflation from BLS Inflation calculator)

Among the various ways an entity can increase the dollars available to it is to seek funds through voter referendums. Since 2000, a number of referendums have been approved by voters. The table below shows a partial list of referendums. Notably, Oak Park Township has not had a tax referendum since 1973. However, both the Village of Oak Park and Oak Park Township have had above-inflation budget increases.

### Oak Park Referendum History (Since 2000)

Taxing Body	Year(s)	Amount	Comments
District 97	2011 2017 2017	\$7M \$13.3M \$57.5	Operating Fund Increase (Initial Annual Amount is shown) Operating Fund Increase (Initial Annual Amount is shown) Capital (One Time Increase – restricted to capital investment)
District 200	2002 & 2006	\$8.4M \$8.0M	Operating Fund Increase (Initial Annual Amount is shown) “Phase-In” Increase (Initial Annual Amount is shown)
Village of Oak Park			Home Rule Municipality. Exempt from Tax Cap Law. Has had above-inflation increases, as permitted, without referendum
Park District	2005	\$3.6M	“Renew our Parks” Operating Fund Increase (Initial Annual Amount)
Library	2000	\$30.0M	Capital (One Time Increase – for new library approved in 2000. Construction loan payoff led to recent levy reductions. Other district increases overwhelm Library reductions)
Township			Township has not run a referendum since 1973. Like all jurisdictions the Township does obtain some above-inflation increases from new growth in Oak Park property

For the average household, disposable income is defined as the total amount of household income that is available for spending and saving after paying income taxes. Households must strive to live within their means (income) and have few, if any, options to dramatically increase income faster than modest employer or government increases that are often correlated to inflation or other indicators. This recommendation seeks to have Oak Park taxing bodies limit increases to Illinois ‘tax cap’ levels (i.e. in line with inflation) and, more specifically, to agree to refrain from running any tax-increase referenda through 2030.

Organizations, like individuals, easily fall victim to Parkinson’s Law which postulates that expenses always rise to meet income (regardless of income, they tend to spend the entire amount—and often a little bit more besides). In turn, expenses rise in lockstep with incomes. We have seen some evidence of this with jurisdictional spending in Oak Park similarly increasing at a rate well in excess of inflation – mirroring the disproportionate rise in property taxation in the community as well.

In agreeing to constrain revenue, each taxing body will need to become more adept making hard choices and delivering needed services to residents with less.

While the Village is not subject to property tax caps and therefore would not be subject to this recommendation, we believe the Village should conduct its financial management as if it were subject to the property tax caps through 2030 which effectively means limiting budget increases to inflation (CPI).

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Yes. This proposal assumes that taxing bodies will not seek further referendum taxation authority through 2030. This will mark a significant change over the coming 12 years from the experience of the community over the past 18 years, and will help to or minimize the rate of additional future tax increases.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

Yes. It would help to reduce the levy growth & rate of growth experienced by village taxpayers. Further, it may serve to incent taxing bodies to work even more collaboratively than they currently do.

*What are potential negatives of implementing this proposal?*

There may be initiatives that the Village or taxing bodies will be unable to fund. It may require that jurisdictions collaborate to more clearly understand resident needs & wants, to draw hard lines and to allocate resources in line with clearly articulated priorities.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

Undoubtedly, there will be some who believe that their needs are not being or cannot be met without a referendum. The recommendation here of living within CPI growth in property tax increases is a middle position in the broad spectrum of what is needed by Oak Park residents at this time. Some would argue that budgets should actually be reduced rather than increasing; others would argue that budgets should be held flat (in actual, not-constant dollars). This proposes a more modest position. Each of the jurisdictions still have available to them, even without referenda, the possibility of increasing their revenue by CPI each year.

*Practically, what steps would be necessary to implement this proposal?*

Residents must demand greater fiscal responsibility. Taxing body leadership must take seriously the growing chorus of concern and outrage by citizens about the increased tax burden they are feeling. Leaders must recognize this reality and must commit to the referenda moratorium. Any decision to break with this commitment in order to pursue a referendum will simply need to be addressed at the ballot box.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

The proposal, while easy to implement in concept, may well be resisted by one or more governing bodies that would hope to pursue yet more taxing authority in the near to mid-term, regardless of the implications for the taxpayers of Oak Park and the effect of further undermining the affordability of the community.

## Referenda Discipline

### *Hold Voting for Referenda in the Fall*

#### Summary

Referenda for bond issues or rate increases typically take place in spring, along with municipal elections. Spring elections typically have low voter participation -- 20% is common. This recommendation calls for holding all tax increase referenda in the fall, when voting rates are much higher; presidential elections have up to 80% voter participation rates. We also recommend that our taxing bodies agree to a consistent way to state referenda -- either a rate, a dollar amount, or another way.

#### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

There is no direct link to cost savings or efficiency, however if there are more votes cast we would have broader community participation (beyond the constituents of the taxing body). If fewer referenda are passed, then taxes would be less. With that said, the goal is not to make it harder to pass referenda, but to ensure more voters weigh-in on issues that permanently increase our taxes.

*Beyond cost savings, are there other positive benefits in implementing this proposal?*

Greater voter participation ensures a broader swath of our community is voting on issues that raise taxes.

*What are potential negatives of implementing this proposal?*

It may be difficult to get the attention of voters to local issues in a hotly contested state or federal elections. In these situations, it may also be more difficult to educate / inform voters. If voters feel they are not informed, they may opt to not vote on the local issues and instead only cast ballots for Federal and State elections.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

There appear to be none but there is always the possibility of unintended consequences.

*Practically, what steps would be necessary to implement this proposal?*

Each unit of local government would be required to agree. Not an easy task. In the first few years, each government could reinforce the policy at the swearing in or orientation of the new board members. This would not be a legally binding restriction. Success is contingent on there being an informal political cost to not going along with the recommendation.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

It wouldn't be difficult to implement if there is the political will across the taxing bodies to agree to do this. It's interesting to note that OPRFHS at its last referendum chose to have it at a general election as a part of its strategy.

## Educate / Inform Voters and Elected Officials

### Summary

Budget and referendum decisions have an immediate and long-term impact on our community. It's imperative that our elected officials, budget administrators and the broader public understand municipal finance, tax law and the role of each in creating a healthy community. We also believe voters in Oak Park should take a more pro-active role in giving our elected officials feedback on budget decisions. We are recommending that curriculum focused on the financial impact of their collective decisions – elected officials, administrators and voters. Here we recommend that curriculum be developed / approved by the to-be-formed Community Financial Oversight Commission.

There is also an important element of educating our citizens of actions they can take as voters and taxpayers by:

- Encouraging them to vote in all elections – and to fully understand the issues on the ballot
- Holding elected officials accountable for the decisions they make
- Participating in priority-based budgeting input discussions
- Taking advantage of the recently enacted provision in Illinois law that allows voters to direct taxing bodies to reduce excess fund balances through referenda

Here again the Community Financial Oversight Commission could work with other community-based organizations to develop communication / education vehicles.

### Analysis

*Is this proposal likely to lead to efficiencies and cost savings? If so, how?*

Not directly, but tax savings would come if both audiences—the public and elected officials—have clearer insights into the impact of tax increases on the community. Efficiencies can develop if the public understands budgeting and can offer ideas that work within the system. An educated public and informed elected officials also can develop more innovative approaches to yield tax savings and efficiencies.

*Beyond cost savings, are there other positive benefits of implementing this proposal?*

Public officials become more accountable with an educated public monitoring their actions.

*What are potential negatives of implementing this proposal?*

If the curriculum or educational materials are deemed to not be accurate or in the public's best interest. They will also lose credibility if they are viewed as being overly influenced by the taxing bodies.

*Would this proposal have equitable impacts across the community, or would some populations be positively or adversely impacted more than others?*

It should be equitable if the process is dedicated to involving everyone in the community.

*Practically, what steps would be necessary to implement this proposal?*

From a communications perspective, Oak Park's current government structure produces a "marketplace" approach to information— with each taxing body "selling" its own programs or initiatives. Promoting initiatives, including referenda, from that kind of singular perspective is inherently biased and doesn't take into consideration the "big picture". We recommend supplementing this singular approach with one that is agnostic to jurisdiction and enables a community-wide perspective. Currently, there is no community-wide information and education effort.

We are recommending the creation of the Community Finance Oversight Commission that will have as part of its mission to help inform and education voters, administrators and elected officials. It is meant to take an unbiased approach in creating curriculum to help the community better understand the financial impact of the actions of our taxing bodies.

*How difficult is this proposal to implement? How much resistance would it face from the governments who would need to implement it?*

If the Community Financial Oversight Commission is put in place, it shouldn't be that difficult to supplement current taxing-body specific information with information that's produced from a broader community perspective.