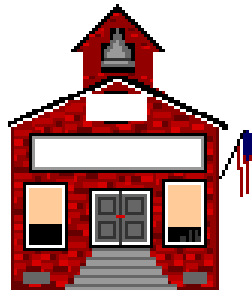


# Feasibility Study for

**Montgomery County School Study  
Commission  
Montgomery County Economic  
Development Corporation**



**By  
Midwest School Consultants:  
Dr. William H. Phillips  
Dr. Scott L. Day  
Dr. Leonard R. Bogle**

**June 31, 2019**

## Table of Contents

Preface.....	4
History of School District Reorganization in Illinois.....	5
Historical Considerations and Alternative Strategies.....	12
A Brief Literature Review.....	20
School District Reorganization in Illinois since 1985.....	23
Proposed Legislation Realigns Reorganization (An Article by Bill Phillips) .....	29
School District Reorganization.....	33
Timelines for reorganization for April 2, 2019 vote .....	54
School District Organization in Illinois (An ISBE Study Paper).....	80
The Relationship between School Size and Achievement in Downstate Elementary Schools (An ISBE Document).....	91
Unit Districts Formed From Dual Systems (An ISBE Document).....	93
Reorganization Considerations and Options.....	102
- Recommendation of consultants.....	105
Curriculum Considerations and Comparisons.....	120
School Enrollment History and Forecast.....	156
District Facilities.....	170
Transportation Considerations.....	177
Financial Considerations and Comparisons.....	185
Reorganization and Incentive Payments .....	218
ESP Personnel/seniority List Requirements.....	227
School District Reorganization History .....	231
Reorganization and Guidance Document.....	235

Glossary of Terms.....	242
Appendix 1: School District Financial Profile .....	245
Appendix 2: Reorganization Incentives (these are attached as separate excel files)	
Appendix 3 Master Project Budget (These are sent as separate files in PDF form)	
Appendix 4 Program of Space Needs (These are sent as separate files in PDF form)	

## **Preface**

These reports never happen without help. We owe thanks to Superintendents Mr. Aaron Hopper, Mr. John Mullett and Mr. David Powell who were most gracious in supplying information requested by us. We are also certain that thanks go to their secretaries who did the necessary search through the files to find the information. Special thanks also go to the Board of Education members and district administrators who gave generously of their time in order to gain their insight and thoughts concerning this process.

Without all of the aforementioned assistance, this report would have been less than complete.

In this study, there will be two separate reorganization scenarios studied. Scenario One will be a new unit district created with all three participating districts: Panhandle, Hillsboro and Litchfield. In Scenario Two, a new unit district made up of only Litchfield and Hillsboro will be studied. These terms Scenario One and Two will be utilized throughout to distinguish between these two reorganization proposals.

## **History of School District Reorganization in Illinois**

Schooling for the early settlers of Illinois consisted of one-room schools in which the students were from rural backgrounds. These schools taught predominately the “three R’s” and the teachers more often than not were “boarded out” to families of the students. Control of these schools was almost entirely local in nature as they were built and run by the citizens of the community in which the students lived. Parcels of land were set aside for the local schools in the Northwest Territory and other states west of the original thirteen colonies.

The Free School Law was passed in 1825, which established common schools for all white citizens between the ages of five and twenty-five. Aid for these schools was provided by the state in the amount of two out of every one hundred state tax dollars collected.

This period was marked by the influx of immigrants, which began flooding into Illinois. With these immigrants, came a need for a more modern form of education. The needs of these immigrants included more than the three R’s, as they required language, history and political instruction. Schools supported by the public became an accepted part of the communities and as the school became bigger and more sophisticated, the intervention of state finances and control became more prevalent in the local schools.

As school districts were developing, a fragmenting of districts began to appear. Natural boundaries became the district’s borders and districts that were wealthier in assessed valuation tended to try to restrict their boundaries so as to not conflict with their neighbors who were not as financially fortunate. Thus began, even at this point historically, a financial separation in which the wealthy school districts wanted to

maintain their privileged position and exclude their less fortunate neighboring school districts.

The one-room schoolhouse was fast becoming out-moded in Illinois as in other Midwestern states with the rapid influx of population and the substantial growth of urban areas. These areas required a higher quality, more diverse educational program than could be provided by the one-room school with its single teacher.

By 1845, the Office of Superintendent of Public Instruction had been established. Section 6 of that law stated that the Superintendent "...shall use his influence to reduce to a system of practical operation the means of common schools in the state..."

The following year, the Board of Trustees was created to authorize the reorganization of school districts and hold title to all school property. This Board of Trustees was elected and functioned between the level of the state and the local Board of Education. In effect, this Board of Trustees could create, alter and/or dissolve school districts if petitioned by local boards of education. Today, this little known public body, controls annexation and, detachment petitions that are brought to them by the Regional Superintendent of Schools from local boards of Education and citizen's petitions.

With the passage of the 1870 Illinois Constitution, the General Assembly stated that they "...shall provide a thorough and efficient system of free schools, whereby all the children of the state may receive a good common school education. It was this time that the General Assembly curtailed the formation of Special Charter School Districts with its Act of 1872.

With the rapid expansion of the population centers in Illinois due to continued waves of immigration, it became necessary to reorganize school districts into larger

educational units in the urban areas. With this reorganization, changes in administrative and instructional patterns became necessary to improve the quality of schools.

However, then as now the rural population reluctantly gave way to the reorganization of larger school districts. The loss of local control of their schools has presented a prevalent historical trend. One of the prime obstacles to the formation of larger school districts was the problem of widely scattered populations in which the students couldn't be transported to larger schools because there was no transportation system in place.

The General Assembly in 1909 started the school consolidation movement when it allowed school districts to consolidate based upon a majority vote of the citizens in each affected district. Also, in 1909, the General Assembly passed legislation mandating that districts which did not have a high school, must pay the tuition for each student whose parents were unable to pay. By 1915, the enrollment of students in high school had risen by 15% while the elementary school enrollment had risen by only 1%. With these pieces of legislation, the concept of consolidating schools to provide a quality education was begun.

By 1917, consolidated and non-high school districts were formed. Tuition was paid for all eighth grade students who lived in non-high school districts, to the nearest district where a high school was present.

State aid per child was first legislated in 1927. Every district was eligible for nine dollars per child in attendance for students in grades one through eight. Less wealthy districts were given an additional incentive for additional state aid amounting to twenty-

five dollars per student if the district levied the maximum education tax rate allowed without referendum.

The Depression created an even wider disparity in school ability to generate income in that state aid was apportioned by the amount of local money generated; thus, wealthier districts generated more revenue and in turn received more state aid. This wide financial disparity created indirectly the initial legislation concerning reorganization of school districts in the early 1940's.

Transportation remained one of the earliest and largest impediments to the interest in consolidating school districts in Illinois. Students living in rural areas were so widely scattered that a system for collecting and delivering students to centralized schools became a necessity for districts considering consolidation. In 1939, the legislature appropriated a half million dollars for transportation aid to school districts for the first time. With this aid from the state, the period of largest consolidation was beginning.

Another problem facing school districts that were investigating consolidation was the financial inequities given to the dual system of districts in the State of Illinois. Illinois maintains three types of school districts. The first is separate elementary and high school districts operating autonomously in generally the same district boundaries; however, it is common for a number of elementary districts to feed into a single high school district. Unit districts, which encompass both the elementary and high school districts were in existence but fairly small in number at this time.

Prior to 1945, both type districts were eligible for the same state aid and tax rate limitations. Thus unit districts were asked to provide an elementary and high school



education on basically the same taxing amounts that a separate elementary or high school would generate. In 1945, the legislature gave the unit districts equal taxing power to the dual districts and in addition, unit districts were given a lower qualifying rate for entrance into state aid reimbursements. In effect, unit districts were now given essentially financial parity with dual districts and the lower qualifying rate for state aid provided a powerful incentive for the formation of unit districts. As a result of the aforementioned legislation, the number of districts declined from 11,000 to 5,000 by 1950.

More recent legislation has further created financial incentives for districts to consolidate. In 1983, legislation was enacted to guarantee that districts, which consolidated were insured of state aid that would not be less than would have been generated separately. This parity was insured for a period of three years.

In addition, state incentive money was guaranteed to equalize the salaries of the certified employees of districts that consolidated. This aid was also in the form of a three-year guarantee, which theoretically would give a newly formed district time to deal with staffing problems that would normally accrue in the formation of a new school district and the combination of employees.

Probably, the most significant incentive legislated in the 1983 package, was the state incentive aid on a one-time basis that would erase the “operational deficit” of combining districts. This legislation therefore would bring all districts combining at least to a zero level and enable the newly formed district to begin operations without a deficit in its main operating funds.

By 1985, the State Board of Education was investigating not only the financial aspects of school consolidation but also the educational inequities that were present in schools of various sizes. A study was commissioned by ISBE that examined the effects of enrollment size and district type on the quality of the educational program. This study reported minimal and optimal sizes of effective high schools in Illinois based on the number of courses available, achievement of students, number of teacher's preparations required and educational offerings available in high schools. Highest achievement was found to occur in high schools of between 494-1279 students. What ensued was legislation in the Omnibus 1985 reform educational legislation that determined that a minimal size for school districts and that unit districts were preferred over a dual district format.

Mandated reorganization committees were formed and given the task of studying reorganization in every region in the State of Illinois. Committee members were appointed by local boards of education. With few exceptions, these members were sympathetic to the current district structure and most of these committees' resisted ISBE efforts to impose reorganization. As the political ramifications of school reorganization rose to the top of the political arena, the Governor and the State Superintendent "reinterpreted" their intent of these reorganization committees and withdrew the minimal size of districts reorganizing and the preferred status of unit districts. With this, the reorganization committees, by and large, performed perfunctorily and made reports, which stated that no reorganization was needed or wanted by most districts in the state.

Legislation since 1983 has removed many of the disincentives discouraging reorganization. While the mandated avenue of reorganization at the state level has met with a great deal of resistance by the local school districts, the legislature and ISBE has attempted to encourage further reorganization by enacting legislation favorable to districts contemplating reorganization. Currently, there are more alternative methods now available to districts besides the referendum, which has been the historical model used to reorganize school districts. This variety of methods has sparked a renewed interest with generally smaller unit districts in dealing with their sparse high school populations. Also, small districts in general are looking at reorganization simply because the economy of size has caught up with their districts and they are finding it increasingly more difficult to fund the quality education of their students in an equitable and efficient manner. Therefore, the trend toward consolidation in the State of Illinois should continue as districts explore the various alternatives now open to them.

## **Historical Considerations and Alternative Strategies**

During the last fifty years, many school districts in Illinois have changed in the size of the geographic area that they serve as well as in their pattern of organization. Although it seems that Illinois has a large number of school districts (852 in 2017), it was not that long ago (1940s) that the state had over 12,000 districts.

There has been increasing emphasis in recent years on reducing the total number of school districts and on increasing the geographic area served by districts in order to increase both the size of student enrollment and staff. In May of 1985, the State Board of Education published yet another study on school district organization.

This report found that there was evidence that students:

"In the hundreds of very small school districts were receiving a significant loss in opportunity to learn when the courses available to them are compared with those available to students in high schools with enrollments of over 500 pupils."

This study further concluded that the current system of organization meant that:

"Uniform access to both adequate financial support and reasonable educational quality is not permitted by the present organization of our school districts."

Public Act 84-126 enacted in 1985 made sweeping changes and mandated the school reorganization of many smaller districts into larger districts through an elaborate set of procedures. However, within nine months of its enactment, the general assembly modified the reform bill with the passage of Public Act 84-1115, which effectively eliminated the mandatory reorganization procedures, which had been created by the earlier law.

Since the passage of PA 84-1115, it appears to some that there is literally an unannounced plan to bring about school consolidation as a result of additional reform

legislation; increased activities by the State Board of Education through more stringent rules and regulations; and legislative finance policies which place increasing pressure on local property to support schools. The combination of these factors continues to apply unrelenting pressure upon small districts to reorganize in some way into larger units of instruction. Added to these three forces, one must add a fourth and most recent one in the form of the State Board of Higher Education, high school requirements for admission to Illinois colleges and universities.

Despite well-researched studies as to the benefits of greater equity, the ability to attract higher quality teachers, the ability to increase both the depth and breadth of curricular offerings and a number of other "benefits" to be derived from economies of scale, those school reorganizations which actually take place are most often brought about by concern over increasing tax loads at the local level.

Recently, financial equity plans have included a statewide constitution challenge to the school funding formula. By seeking judicial relief in the form of a court case showcasing the inequity of school district financing in Illinois, school districts endeavored to change the current school district funding formula. While this effort was unsuccessful, it can be assumed that in the future, there will be other judicial or constitutional challenges to the system of financing Illinois schools, which have precipitated a disparate financing formula for the school children of Illinois.

Although the primary question in this study relates to the procedures and processes by which school districts might reorganize, the fact is that there have been less than fifty consolidations of school districts in the past five years. This translates into a consolidation figure of about five percent of the state's school districts. This low percentage is particularly remarkable when one considers that over half of the high

schools in the state have enrollments of less than five hundred students. Given these realities, this section is intended to address some “alternatives” being practiced in the state to inform the districts involved in this study.

### **Legislative Facilitation**

Cooperative agreements between school districts or between school districts and other governmental agencies have provided some viable consolidation alternatives.

Probably more Illinois districts than not, are involved in cooperatives in the areas of special education, vocational education, or both. What about areas other than these?

The broadest statutory authority supporting such a move is the Intergovernmental Cooperation Act, (Chapter 127, Sections 741 - 745 (1985)). This Act states that:

“Powers, privileges, or authority exercised ... by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state.”

This appears to authorize school districts to cooperate with each other in all of the normal functions carried on by school districts. Chapter 147, Section 745, further states that:

“One or more public agencies may contract with other public agencies to perform any governmental service, activity, or undertaking, which any of the agencies is authorized by law to perform, provided that such contract is authorized by the governing body of each party.”

Also, in 1985, Chapter 122 (School Code) was revised to authorize school districts to permit students to attend the schools of other districts. One limitation is that every school board must still maintain at least one elementary school within the district. More recent legislation took this process a step further. As a result of school code revisions

in 1986, school boards may deactivate and reactivate high and junior high school facilities under specific conditions, thus giving districts some time to thoroughly study the issue of consolidation. High schools and junior high schools may be deactivated indefinitely, with their students sent to another school in another district. This action may be taken with the approval of the voters in the sending district and the approval, by proper resolution, of the school board of the receiving district.

Another of the more recent legislative statutes, (P.A. 85-759), is the Cooperative High School Attendance Centers legislation. This legislation is a natural extension of the inter-governmental legislation mentioned above. This legislation is one of the approved methods for school district reorganization in Illinois.

### **Educational Cooperatives and Programming, Alternative**

Taking the cooperative model of Special and Vocational education, some school districts have entered into the formation of academic cooperatives. The Leland School District, LaSalle County #1, has been involved in a curriculum cooperative with the Somonauk School District #432 for many years. Both of the high schools have very small student enrollments. Yet, under a tuition agreement, students of both schools have access to courses in foreign languages, art, business, science, and other subjects that might not have been available without the agreement. The two districts developed a tuition agreement, which provided a formula for determining how much each district was charged based upon the "per capita tuition charge." As an outgrowth of the agreement, similar calendars, testing schedules, and transportation schedules were arranged cooperatively between the districts.

The Waterman School District #431 and Shabonna School District #524 share several high school staff members, course offerings, transportation, and costs related to

these functions. The districts have also combined their music programs that have resulted in one band and one chorus.

Schools in the area of the Toulon-Lafayette School District, band together to pool their resources by sharing staff, utilizing the local community colleges, and investing in microwave television hookups. These brief examples only begin to discuss academic cooperation, which is being carried out between and among many small districts in the state.

For many years the Hoopston area school district and Rossville-Alvin school district have shared their curricular offerings, transporting students between the two high schools each period of the school day.

### **Staff Recruitment, Retention, and Development Alternatives**

A shortage of teachers, keeping good teachers, and in-service education opportunities are problems relating to staffing that often force consolidation. Districts may combat the problem of teacher shortages in the small district through the following strategies:

- Make all district personnel and board members aware of shortages.
- Print brochures pointing up local advantages.
- Offer part-time additional jobs for qualified teachers.
- Establish cooperative staff development.
- Help teachers procure housing at a reasonable cost.
- Promote the benefits and challenges of a small district.
- Share a teacher among several districts in a technical or low incidence program (advanced math, electronics, physics, and music).
- Give academic credit for experience outside of teaching.
- Provide summer job assistance for teachers.
- Offer extended contracts for teaching on a year-round or near year-round basis.



Others who have worked on this problem suggest making salary and fringe benefits competitive, but a caution here is that community support is even more essential. Other approaches include the subsidizing of further education of teachers in small districts, encouraging churches and civic organizations to include teachers in their activities, and making recreational programs in the community available to teachers.

Staff development is a particularly critical area for recruiting and holding teachers in small communities. Teacher assistance teams can be established so that teachers may help other teachers, and visits to nearby districts are always a possibility. The Regional Office of Education (ROE) should be approached for specific and worthy in-service programs, which the districts want, not just what the ROE wishes to provide. Federal grants for staff development are available as are state assistance grants. Teachers can be reimbursed for college credit and should be encouraged to take as many courses in a new subject matter as possible. Finally, every district has "experts" living in the surrounding area that can be called upon to provide valuable in-service training to teachers.

### **Administrative Alternatives**

William Collier, retired superintendent in the Dunlap Unit School District, proposes that one superintendent be shared by several school districts to reduce costs and gain greater economy of scale. In an administrative co-op, two small districts can share the services of one superintendent and a small office staff. Duties and responsibilities associated with the Superintendent's position would remain much the same. Possible strengths include the fact that one person would be totally aware of the cooperating districts strengths and weaknesses and would be able to make adjustments easily. Collier provides a list of areas where sharing could occur as a result of

administrative cooperation: food service, transportation, gifted education, legal services, guidance programs, driver education, purchasing, staff development, and staff sharing. Superintendent Collier claims that,

*"Many of the concerns of small districts could be eliminated by' well organized and trusting cooperation."*

Several recommendations (from the IASB Journal article entitled, "Tips for Sharing Administrators" by William H. Phillips) have been developed by a superintendent who had direct experience with administrative cooperatives. In the article, Dr. Phillips relates his experience as a superintendent of two school districts and provides suggestions for superintendents contemplating administrative sharing with two or more school districts:

- Share superintendents but do not share principals.
- Re-define the superintendent's job so that the workload is the equivalent of one position, not two or three.
- Establish one central administrative office.
- Do not have the superintendent wasting time between separate district offices.
- Create continuing communication linkages between participating school boards. Joint informational board meetings enhance economy of time by allowing the superintendent to keep all boards informed with a single report.

### **Technological Alternatives**

A major success story in the area of technology is that of Hall-Spring Valley High School. At this high school, satellite television in the classroom allows students to communicate with students in other schools both inside and outside of this country. In this particular case, government surplus materials were used to build the receiving station. The Illinois location also permits the use of lower cost receiving equipment.

Educational advantages are numerous and include the capability to tape programs for later playback. District administrators report that this technology has improved virtually every program in the school system.

In Carroll County, the Television Cooperative provides the use of a two-way interactive television system and cable facilities. Curricular advantages include being able to offer courses that usually attract only a small number of students in one school district such as advanced level mathematics, science, and foreign language. A second important feature of the system is the opportunity to utilize the best teachers to teach more students. This arrangement further motivates and challenges students, promotes higher levels of student achievement, and increases the efficiency of teacher instructional time.

An additional technological means of enhancing the financial and educational services of the small district is to establish a network linking a mainframe or mini-computer to terminals housed in several small districts. Districts can share the costs of programming and maintenance of the single larger computer. The Gillette, Wyoming, school district is a national show place of connecting far-flung individual schools together through the use of the computer.

The focus of this section of the study has discussed Alternatives to Reorganization that school districts may utilize in Illinois. It has focused on the options and alternatives for high schools. It should be noted for information purposes that elementary districts may also utilize these same alternatives for their elementary and junior high school programs.

## **A Brief Literature Review**

The issue of reorganization has been the focus of several studies throughout the United States. One of the common themes in the literature has been the "strengths of rural schools." Stephens (1986) lists several of the commonly accepted attributes of small schools: smaller classes, individual attention by teachers, low drop-out rates, the opportunity to develop student leadership, strong family and community support, and good parental interaction.

Monk and Haller (1986), in a study of rural New York schools, found that substantial problems exist in small schools and these problems significantly disadvantage students who attend them. At the same time, Monk and Haller found that small districts provide important educational advantages to pupils and to the communities they serve. The weaknesses identified by Monk and Haller included:

- Limited Curricula
- Scheduling difficulties that further limit programs
- Shortage of teachers in some subject areas
- Faculty have heavy and non-specialized teaching loads
- Educational aspirations of the students and community tend to be low.

The strengths identified by Monk and Haller included:

- Schools are the focal point of the community
- Schools are devoid of discipline problems evident in large urban districts
- Students learn the "basics" as well as other students and sometimes better
- Schools provide opportunities to develop leadership potential and non-academic skills

Monk and Haller noted that some problems appear in only the very smallest of schools (i.e., those schools with fewer than 100 students per grade level). It should be noted that Illinois currently has at least 250 school districts that enroll fewer than 100 students per grade level.

Regarding school size, Webb (1977) states:

'Studies relating to effective and desirable sizes of school districts indicate that school district size is not an absolute, that the "optimum size" will vary from state to state and that size is but one of many factors related to educational quality and operational efficiency'. (p. 365)

They also noted that in small rural schools, if a student does not relate well to a teacher, he/she has no other choices. Similarly, many students are pressured into participating in extra-curricular activities in which they have no interest or may not have the physical abilities needed. Additionally, students are unable to avoid incompetent teachers. Monk and Haller note that while small schools give teachers the opportunity to know their students better, this also provides increased opportunities for harmful mistakes by teachers.

Hughes (1990) studied the 100 smallest schools in Wisconsin from May 1987, through October 1988. The study identified the same small school attributes and disadvantages as Monk, Haller and Stephens. Hughes stated that following advantages selected from the study were verified by the literature: broader student participation, close personal relationships, student leadership opportunities, community support, better school climate and student attitudes, fewer discipline problems and greater flexibility. The constraints identified by Hughes were: limited administrative and supervisory personnel, teachers spread too thin, lack of cultural diversity, limited offerings for students, difficulty in recruiting and keeping staff, restricted facilities and higher per pupil costs. Hughes was not able to show that small schools had higher test scores or that small school graduates had a higher rate of college completion.

A recurring problem for small rural schools, as identified by Monk, Haller, Stephens and Hughes is attracting and retaining competent staff. One of the contributing factors could be salaries paid to beginning and veteran teachers in small rural schools. In a survey

of school administrators in Illinois, Hall and Smith-Dickson (1991) found that 122 of 499 reporting districts believed their salary schedules were not competitive and hindered the recruitment of qualified teachers. Sher (1986) was commissioned by the North Carolina School Board Association to critique a 1986 report by the State Board of Public Instruction that called for larger school districts. In his analysis of the report, Sher concluded that there was no solid foundation for believing that wholesale elimination of school districts would improve educational opportunities and stated that reorganization should be strictly voluntary. In his report, Sher made the following five points:

1. Merger decisions are too complex and far-reaching in their impact to be made any way other than on a case-by-case basis.
2. Good schools and school districts come in all shapes and sizes (as do poor ones) and therefore, educational policies, which place too much reliance on any rigid size and organizational criteria are likely to be counterproductive.
3. Since directly mandating across-the-board mergers will not advance any compelling state interest, the state should discontinue all backdoor approaches to the same end.
4. There are a variety of alternatives to consolidation that can expand educational opportunities and enhance cost-effectiveness without abolishing existing units. Most important, organizational issues like merger are very rarely the key to enhancing the quality and efficiency of public education.
5. Most important, organizational issues like merger are very rarely the key to enhancing the quality and efficiency of public education. Occasionally, making schools and school districts bigger is helpful, but more often it is merely a diversion away from the greater task of finding new ways to positively influence the lives of children and to increase the effectiveness of those who work in their service.

## **School District Reorganization in Illinois Since 1985**

During the last fifty years, many school districts in Illinois have changed the size of the geographic area that they serve and in the manner in which they are organized. Although today it seems that Illinois has an extremely large number of school districts, it should be remembered that a few decades ago this state had an even larger number of school districts. Before the end of World War II, Illinois had nearly 12,000 school districts. Through the evolutionary process, the number has decreased to the point where the current number of school districts in Illinois is 861.

There has been increased emphasis in recent years on reducing the total number of school districts and on increasing the geographic area served by districts in order to increase districts student enrollment, high school course offerings, assessed valuation, and staff size. In May of 1985, the Illinois State Board of Education published a study on school district reorganization. The report found that there was evidence that students "in the hundreds of very small districts were receiving a significant loss in opportunity with those available to students in high schools with enrollments over 500 students." That study concluded that the current system of organization meant that, "uniform access to both adequate financial support and reasonable educational quality is not permitted by the present organization of our school districts.

Part of the education reform legislation that became effective on August 1, 1985, provided for school district reorganization. Public Act 84-126 made sweeping changes and mandated the school reorganization of many smaller districts into larger districts through an elaborate set of Procedures. However, shortly after enactment of that law, the General Assembly modified the law by Public Act 84-1115. That law effectively

eliminated the mandatory reorganization procedures, which had been created by the earlier law.

Notwithstanding, the General Assembly's action, which caused Illinois to step back from mandated reorganization, there still exists strong interest and concern about what has come to be called "school consolidation." School consolidation is the general term, which covers many of the different methods for school districts to be combined, deactivated, dissolved, annexed or otherwise reorganized.

The reason reorganization proposals have been increasing is based on legislation that has encouraged consolidations in the state by allowing the various school districts to choose from an expanded list of methods and procedures to consolidate. In addition, the financial incentives passed by the General Assembly continue to be a strong impetus to school districts that are increasingly experiencing financial trouble based upon lowered assessed valuations and declining student enrollments.

As a clear example of the progress of school district reorganization in Illinois, the number of school consolidations in the period of 1980-85 was six consolidations. Additionally, at this period, there were only three authorized methods of school district consolidation. As a result of numerous State Board of Education studies, there was adopted in 1983, the first piece of significant legislation that addressed the problem of school district reorganization "disincentives." In 1983, three financial incentives were promulgated by the General Assembly. These incentives paid for the operating debt deficits between consolidating districts from the education, operations, and transportation and working cash fund balances of school districts. Reorganization incentives were based upon prior year's budget balances, equalizing the salaries of



full-time, certified employees from the newly reorganized districts for a period of three years, and holding harmless the amount of General State Aid to be received in a newly reorganized district.

In 1985, the Omnibus Education Bill, was enacted which addressed school district reorganization with its mandatory provisions while the General Assembly repealed the mandatory provisions of the legislation, the required studies were completed and seemed to initiate interest in the process of reorganization throughout the state. As proof of the increasing interest in school district reorganization, there were 44 school consolidations in the period of 1985-90 with 62 additional consolidations in the time period of 1990-98.

Districts are now able to pick from an expanded list of authorized methods of school district reorganization. There are currently eleven authorized methods of school district reorganization. From this list of authorized methods, two methods, 11E consolidation and Article 7, annexations have constituted over 90% of the consolidations in the state since 1985.

In addition, another financial incentive was added to the three existing incentives. This incentive provides for a payment of up to three years of \$4,000.00 per full-time, certified staff member in a newly reorganized district. The financial incentives paid to school districts have amounted to over \$103,000,000 from the period of 1986-1998. During the 1991-92 school years, the legislature did not allocate enough money to pay all of the incentive claims made upon the Illinois State Board of Education, and the \$4,000 per certified employee incentive was not paid to some newly consolidated districts until the following year. However, in 1993 and in all subsequent years, enough

funds have been allocated to pay all of the reorganization incentive claims made by newly consolidated districts.

Among the currently authorized methods of school district reorganization are eleven different legal processes that encompass different kinds of school districts and their legal consolidation or dismemberment. The names of the appropriate sections from the Illinois School Code are utilized to identify the separate legal processes in school district reorganization.

1. Article 11E, formerly 11E, Unit District formation is the only method by which a new unit district can be formed from currently existing unit districts or a combination of elementary and high school districts. This is one of the more commonly utilized methods of reorganization. Districts using this method are able to access all four financial incentives. Districts utilizing this method must pass with a majority of voters in each affected area to approve the proposition.
2. Article 11E, formerly 11B, Combination of Elementary and High School Districts utilizes basically the same guidelines for Article 11A consolidations except that it combines either elementary or high school districts. The proposition to create a combined school district shall pass if a majority in each affected district, vote in favor of the proposition. Districts utilizing this method of reorganization are also eligible for the financial incentives.
3. Smaller unit districts, may convert a unit district into a dual district and annex their high school students to a neighboring high school district in Article 11E, formerly 7A. Both the newly created elementary district and the annexing high school district are eligible for financial incentives. Unit districts wanting to utilize this reorganization method must have a contiguous high school district willing to annex their high school populations.
4. Article 11E, formerly 11D, Conversions of existing unit districts into dual districts is an authorized method and has to date been utilized only once in Illinois. It is the only method of reorganization where more school districts are created than originally existed. All newly created dual districts are eligible for financial incentives. The proposition to create dual districts utilizing Article 11D must pass in each affected area to be successful.
5. Article 7 Annexation has attained the status of one of the most commonly utilized methods of school district reorganization. Article 7 annexations are approved by the Regional Board of School Trustees. The required public hearing is the opportunity for local proponents and opponents to be heard by

the Regional Board. Annexing districts are also eligible for financial incentives. In all of the methods of reorganization, bonded indebtedness stays with the original existing school district. In addition, the tax rates of the annexed district convert to the existing rates of the annexing district with the exception of the bond & interest fund. Since 1997, annexations must now also be approved in a referendum by passing with a majority of voters in each affected district.

6. Article 7-2a(a) Dissolutions allow districts with a population of less than 5,000 to petition the Regional Board to 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 "automatic" provision requires the Regional Board to dissolve the district after a public hearing and annex the district to one or more neighboring districts. Only a counter-petition signed by a majority of district voters can stop the board's dissolution petition. The bonded indebtedness of the annexed district remains with the former district unless the annexing district votes to assume their bonded debt. The annexing district(s) are eligible for financial incentives.
7. Deactivations of high schools under Section 10-22.22b is the temporary deactivation of a high or junior high school with the approval of the board of the receiving district and a vote of the majority of voters in the deactivating district. In this reorganization method, the deactivating district pays an agreed upon fee per student for educational services through an Intergovernmental Agreement. These agreements begin as a two-year agreement but may be continued for a one or two year period. In this method, the deactivated district is still existing and continues its financial requirements including providing transportation to the new district. Currently, there are two financial incentives authorized for this reorganization method.
8. Section 10-22.22c allows two or more contiguous high school or unit districts, to jointly operate one or more high school centers. There is a twenty-year minimum time period requirement for Cooperative High Schools utilizing this method of reorganization. A new board of education is created from members of the existing boards of cooperating districts. Currently two of the four financial incentives are authorized: \$4,000 per full time certified teacher for four years. This method of school district reorganization was created in 1987 and has been utilized only once in the state as of this date.

New reorganization types authorized by P.A. 94-1019 are included within the new Article 11E are:

9. Optional Elementary Unit District: A unit district is formed from a high school district and any elementary district(s) approving the consolidation. All students in the territory will attend the new district for high school purposes. Only those students living in elementary districts electing to join the new

district will attend for elementary purposes. Elementary districts electing not to join the new district will remain separate, independent elementary districts. Under prior law, one elementary district could keep an entire area from moving forward with a unit district formation.

10. Combined high school-unit district: A high school district can combine with a unit district so long as both districts approve and are physically contiguous. The new district would serve the entire territory for high school purposes, but only the former unit district territory for elementary purposes.

11. Multi-unit conversion; A new conversion process is available if two or more unit districts want to consolidate at the high school level, but keep a separate elementary district for part of the territory. The unit districts can dissolve to form a new combined high school-unit district serving the entire territory for high school purposes, and the former territory of one of the units for elementary purposes. A new elementary district would be formed serving the former territory of the other unit district for elementary purposes.

All of the above methods of school district reorganization require that teachers employed in newly reorganized districts maintain their teacher tenure in the new district in the same manner and with the same number of years on a consolidated certified seniority list. In addition, all multi-year agreements with the exception of collective bargaining agreements, existing in reorganized districts must be honored or negotiated by the newly created district(s). New legislation now requires a combined Education Support Personnel combined Seniority List. Support staff must be reduced by this newly combined ESP Seniority List by the newly reorganized district.

While the subject of school district reorganization is discussed annually by the Illinois General Assembly there continues to be refinement of the rules and regulations governing this intricate set of legal processes in Illinois. However, there is continued interest in voluntary school district reorganization in Illinois due to the declining enrollments and fiscal conditions of many Illinois school districts.

March/April 2006

### Proposed legislation realigns reorganization

*by William H. Phillips*

William H. Phillips is an associate professor of educational leadership at the University of Illinois-Springfield and conducts school reorganizational studies in Illinois.

Proposed legislation has been crafted to discuss one of the most sensitive issues involving school districts in Illinois: reorganization.

In the past, the provisions of the School Code have been complicated and lengthy. Essentially, what this draft legislation intends to do is merge four of the eight approvable reorganization methods into a single article (11-E) and, in the process, allow mergers of school districts that were not previously allowed. The proposed legislation was written by the governor's office in conjunction with the Illinois State Board of Education.

To paraphrase State Superintendent Randy Dunn, this legislation would add greater flexibility and efficiency to the reorganization process, while consolidating and streamlining provisions of the School Code.

No language in the proposed legislation is intended to be mandatory, and voters in each district would still need to approve these reorganizations.

So what are the changes, additions and implications of this lengthy proposal?

The biggest change is the combinations allowed under a new Article 11-E of the School Code, which merges the only current method of creating a unit district (Article 11-A), the only way to create a new elementary or high school district (Article 11-B), a method to make dual districts out of unit districts (Article 11-D) and small unit district conversion provisions (Article 7a), in which a unit district is dissolved and transformed into an elementary district while concurrently annexing the high school population to a contiguous high school

In this process, many of the intricacies of the previous methods have been aligned, as well as allowing some new combinations of school districts. New combinations would include:

- **Elementary districts within the same high school district could consolidate to form a unit district even if the districts are not contiguous.**
- **A district (or districts) could consolidate within a high school district to form a unit district even if all of the elementary districts do not approve. With this provision, there is an "opt in" provision in which elementary districts can join the unit at a later date. This same "opt in" provision is also included in a possible phasing in of financial incentives for consolidating districts.**
- **A high school district could consolidate with a unit district as long as both districts are contiguous. Later, feeder elementary districts from the former high school districts may also "opt in" to the newly created unit district.**

In addition, a "stair-step mechanism" is created in which the consolidating districts may reduce the maximum levy gradually to recognize the benefits of their consolidation. This provision would allow combination of the lowest elementary districts tax rates with the high school rates without reduction if they exceeded the maximum allowable rates by district type for two years and then reduce annually by .10 percent.

In creating Article 11-E, many of the various provisions have been standardized for uniformity. Some of the recommendations include:

- **The requirements for board approval or resident signatures are standardized to 50 signatures or 10 percent of the registered voters in each affected district, whichever is less.**
- **The hearing requirements would be the same for all reorganization in which the Regional Superintendent would grant or deny reorganization petitions without state superintendent approval. If the ROE denies the petition, then the state superintendent may make the final decision.**
- **Voting requirements have also been standardized so that a successful reorganization referendum requires a majority of voters "in each affected district for passage." This is a change from original requirements for 11-B reorganizations, which required a "majority of those voting overall."**

#### ***Other provisions***

Section 11-E-15 would allow School District Conversion with the following guidelines:

- **A small unit district, defined as fewer than 250 students in grades 9-12, may be dissolved and converted into an elementary district if the new elementary district keeps all of the former unit district territory and there is a concurrent annexation to a contiguous high school district.**
- **Two or more contiguous unit districts or one or more unit districts and a high school district may form a high school district and new elementary districts based upon the former boundaries of the dissolved districts.**
- **Districts may not use this second provision if they have more than 600 high school students. The state superintendent may grant waivers for this requirement.**

Section 11-E-25 would allow unit district formation from dual district territory exclusively.

- **In Section A of this provision, unit districts may be formed from territory of districts that do not encompass any unit district territory.**
- **In Section B of this provision, one or more unit districts that are contiguous plus any territory *no part of which is included within any unit district* may be organized into a unit district.**

Section 11-E-30 allows partial elementary unit district formation.

- **In Section A of this provision high school district(s) and unit district(s) may be dissolved and form a combined high school-unit district.**
- **In Section B of this provision a high school district and one or more elementary districts may organize into an "optional elementary unit district."**
- **In Section C, there is an "opt-in" provision for those elementary districts that may wish to join the elementary unit district at a later date.**

#### ***Other issues***

Other salient issues that always accompany consolidations also are discussed in this draft legislation, including requirements for petitions to initiate the reorganization process. They are standardized in Article

11-E to include petitions from school boards and citizen petitions that have 50 voter signatures from "each affected district" or 10 percent of the registered voters from "each affected district," whichever is smallest.

The petitions must also now set forth the *maximum tax rates* that the proposed district will be authorized to levy plus information pertaining to the Property Tax Extension Limitation Law (PTELL), including the "aggregate extension base" and the "debt service extension base" of the districts.

The allowable methods on the referendum ballot to elect board members have not changed: the "default method" is "at large" or the choice can be to divide the new district into seven equally populated areas. This second method is not newly created but does require approval at the reorganization referendum. However, new sections deal with Board of Education membership for community unit school districts formed before January 1, 1975, and for combined school districts formed before July 1, 1983. These circumstances may be rare, but they allow for different configurations of board membership.

The Committee of Ten retains many of the same responsibilities for reorganization. Article 11-E contains language that delineates vacancies on the Committee of Ten, in which the committee may replace its own members, is retained from previous statutes.

Regional superintendents will continue to hold hearings under Article 11-E, with newly expanded requirements. At this hearing, after notice has been published, there is a required agenda including:

- **Evidence of school needs and conditions**
- **Ability of proposed district to meet standards of recognition.**
- **Consideration of division of funds and assets.**
- **Maximum tax rates for various purposes that the proposed district shall be authorized to levy including PTELL information, if appropriate, which shall have information regarding the "aggregate extension base" and the "debt service extension base."**

Within 14 days after the conclusion of the hearing, the regional superintendent would either approve or deny the petition. If the regional superintendent fails to act within 21 days after the hearing or denies the petition, the petition is deemed to have been denied and petitioners may appeal to the state superintendent. If the state superintendent denies the petition, then that office issues the "specific basis for the denial." Administrative review for either denial is still possible within a one-year period after the petition by any resident of the territory described, petitioner or board member.

### ***Election changes***

The election process also has been standardized in that all elections for Article 11-E reorganization must pass with a majority of voters in each affected district. This was the same as previously required except that Article 11-B previously required a "majority of those voting overall." Election passage requirements also feature that in an "optional elementary unit district" a majority of voters in the high school district and at least one affected elementary district. In the case of voting requirements for elementary districts "opting in" later, they must also pass with a majority of voters in each affected district. Special provisions for unit district formation include that if "at least two unit districts voted in favor of consolidation" then the members of the Committee of Ten shall present an amended petition to the boards as long as the territory is contiguous.

Tax rates and the voting for these rates in a referendum are changed by Article 11-E. Previously, only the tax rates for the education; operations, buildings and maintenance (OMB); transportation; and life safety funds were included on the ballot. Now each rate is to be included on the ballot, except bond and interest, and there is also a new provision which allows the "maximum allowable rates by district type" to be exceeded for a temporary period.

The maximum allowable rates for a new district are calculated by combining the rates currently levied in education, OBM and transportation funds, with the rates of the lowest participating elementary district and

the current rates of the high school district for two years after a successful reorganization and with a concurrent reduction to maximum allowable rates at .10 percent per year thereafter for a newly formed district. Therefore, this new provision allows a newly formed district to temporarily exceed the allowable tax rates by district type. This provides a necessary equalization of former tax rates for a newly merged district. A provision also allows districts forming in April elections may submit their new rates to respective county clerks and they may receive their new rates in the same calendar year in which the referendum was approved.

An additional section of Article 17-3 deals with tax rates in which districts may submit a referendum to allow them to levy a tax for a period of "not less than three years or more than 10 years." Thus, taxpayers and districts have a "temporary tax increase" authority. This may cause taxpayers to be more inclined to vote for tax increases when they know there is a sunset date for the increase. This is currently in statutes but not used extensively by school districts.

The issue of bonded indebtedness of a newly reorganized district always has been a prominent issue. Article 11-E again uses the concept that bonded indebtedness "stays with the district and its boundaries that originally issued the bonds." Also as previously allowed, bond sales may be approved at the same time in the passage of a reorganization referendum.

Teacher tenure or "contractual continued service" remains mostly the same as previously approved. The only different implications allow teachers, who for five years previous to a reorganization served in a capacity as a high school teacher or an elementary school teacher, to transfer to the board of the type of school that allows them to serve in the same capacity. In the case of a teacher who previously split teaching assignments, the teacher can request to serve in either type of district.

### ***Financial incentives***

The state has offered four financial incentives for decades for districts that consolidate. Each incentive — General State Aid Equalization; Teacher Salary Equalization; Debt Difference Payment; and \$4,000 per full-time certified teacher — is still based on an ISBE "quintile system." While there are no new incentives or increases in incentive amounts, there is an "opt in" provision for elementary districts merging with the unit district at a later date. The "opt-in" provisions are allowed for four years after a successful merger with other elementary districts.

This legislation is lengthy and complicated, allowing changes in possible school district configurations, opting-in provisions, more tax rates being included on a referendum, districts to use a combined tax rate that may exceed allowable rate limits temporarily, newly expanded requirements for ROE hearings and a host of other issues.

Keep in mind that all of these changes are meant to be permissive; there are no mandatory provisions for districts to consolidate.

Changes of this magnitude to existing laws and procedures are bound to raise considerable interest and concern, if not outright skepticism. However, do not let the sheer size and number of changes keep you from a careful examination of this legislation that addresses, more than any legislation since 1985, the issue of school district reorganization in Illinois.

### ***Be alert for changes***

This proposed school reorganization legislation is now SB2795. Because a bill can be amended at any time, some of the provisions described here may have changed by the time the Journal reaches you.

According to Ben Schwarm, IASB associate executive director, governmental relations, the Association will not take an official position until the language and provisions are more finalized.

Schwarm will keep IASB members up-to-date on changes through the weekly Alliance Legislative Report, available at [www.iasb.com](http://www.iasb.com). Those who would like to have the report e-mailed to them automatically should e-mail Schwarm at [bschwarm@iasb.com](mailto:bschwarm@iasb.com).





# Illinois State Board of Education

July 28, 2006

Guidance Document

## SCHOOL DISTRICT REORGANIZATION

*This document is intended to provide non-regulatory guidance on the subject matter listed above. For specific questions, please contact the person(s) identified in the document.*

**(Public Act 94-1019)**

Rod R. Blagojevich, Governor

**Illinois State Board of Education**

Jesse H. Ruiz, Chairman • Dr. Christopher J. Ward, Vice Chair • Dr. Vinni M. Hall, Secretary  
Dr. Andrea S. Brown • Dean E. Clark • Dr. David L. Fields • Edward J. Geppert, Jr. Brenda J. Holmes • Joyce E. Karon

Dr. Randy J. Dunn, State Superintendent

Printed by AFL-CIO (AFSCME Local #288 and IFSOE Local #3236) Employees

# TABLE OF CONTENTS

## GUIDANCE DOCUMENT ON SCHOOL DISTRICT REORGANIZATIONS UNDER PUBLIC ACT 94-1019

A. General Information.....	1
1. Definition of “school district reorganization”.....	1
2. Impact of Public Act 94-1019.....	1
3. Importance of more opportunities.....	1
4. Types of reorganization allowed.....	1
a. Those not impacted .....	1
b. Those authorized under prior law .....	2
c. New reorganization types.....	2
5. Reorganization is voluntary .....	3
6. Changes to prior requirements, generally .....	3
B. Further Explanation of “Hybrid” .....	4
1. Optional Elementary Unit Districts .....	4
2. Combined High School-Unit District .....	5
3. Multi-Unit .....	6
4. Tax rates and bonding for .....	6
5. Service on school boards .....	8
6. Effect on General State Aid .....	9
7. Administration of subfunds and tax .....	9
C. General Questions Regarding Consolidations Under Article .....	9
1. General .....	9
2. Approval of filing of petition .....	9
3. Changes to petition requirements .....	10
4. Petition requirements .....	10
5. Specification of tax rates on petition .....	10
6. Committee of Ten .....	11
7. Rights of “affected districts” .....	12
8. Notice of filing of petition .....	12
9. Hearing requirements; conduct of .....	12
10. Approval of petition; administrative .....	13
11. Role of regional board of school trustees .....	13
12. Payment of costs .....	13
13. Viability of reorganized school .....	13
14. General election .....	14
15. Passage requirements of .....	14
16. Effective date of .....	14
17. Actions by new board prior to effective .....	14
18. Transfer of tenured .....	15

19. Exemption from increase in payment to .....	15
20. Impact on adequate yearly .....	15
21. Impact on .....	16
D. Incentives .....	16
1. Continued incentive structure .....	16
2. Funding of feasibility .....	16
3. Application for feasibility study .....	16
4. Budgeted amount for 2007 incentives .....	17
5. Types of incentives .....	17
E. First Steps and Further .....	17
1. School Board exploration of options .....	17
2. Citizen exploration of .....	18
3. ISBE contact information .....	18
F. Appendix A – approximate timelines for April 17, 2007 election .....	19
G. Appendix B – comparison chart of current and prior statutory .....	21

# GUIDANCE DOCUMENT ON SCHOOL DISTRICT REORGANIZATIONS

## UNDER PUBLIC ACT 94-1019

### **A. GENERAL INFORMATION ON PUBLIC ACT AND REORGANIZATION OPTIONS IN ILLINOIS**

#### **1. What is meant by the term “school district reorganization”?**

School district reorganization is the umbrella term which includes consolidation, combination, annexation, unit district conversion, high school deactivation, and cooperative high school attendance centers.

#### **2. In general, how does P.A. 94-1019 impact school district reorganization?**

Public Act 94-1019 consolidates Articles 7A, 11A, 11B and 11D of the School Code into a new Article 11E. It adds greater flexibility and efficiency to the reorganization process. In addition, it creates opportunities for new types of reorganizations not allowed under prior law. Petition and voting requirements are now consistent for all types of reorganizations under Article 11E. The new Article 11E only includes options that ensure any reorganization will be approved by the voters, and ensures no reorganization will raise taxes without approval by the voters in the affected districts.

#### **3. Why is it important to provide more opportunities for reorganizations?**

Illinois has approximately 875 school districts; about 200 of these districts are single-school. Having multiple school districts in the same geographic area can lead to unnecessary administrative costs. Smaller school districts can have difficulty providing a comprehensive program, especially at the high school level. In areas with multiple elementary districts feeding to a separate high school district, it can be difficult to achieve curricular alignment among the elementary, middle and senior high schools.

#### **4. What types of school district reorganizations are allowed after P.A. 94-1019?**

School district reorganizations can be grouped into three categories: (A) reorganization types not included in Article 11E as the result of P.A. 94-1019, and therefore not impacted by this Act; (B) reorganization types authorized under prior law and included within Article 11E pursuant to P.A. 94-1019; and (C) new reorganization types authorized by P.A. 94-1019.

*A. Reorganization types not included in Article 11E as the result of P.A. 94-1019, and therefore not impacted by this Act*

Article 11E does not include reorganization types not involving the creation of a new district. These types of reorganization are:

- Deactivation (Sec. 10-22.22b)

- Cooperative High School (Sec. 10-22.22c)
- Dissolution or Detachment (Article 7)

P.A. 94-1019 does not impact a community's ability to use a reorganization process not included in Article 11E. These options may still offer the best solution for a particular community's needs.

*(B) Reorganization types authorized under prior law and included within Article 11E pursuant to P.A. 94-1019*

Reorganizations allowed under prior law and included within Article 11E (with minor changes described later) are:

**Small unit district conversion (previously in Article 7A of the School Code): A small unit district is dissolved. An elementary district is created, and high school students go to a contiguous high school district.**

- Unit district formation (previously in Article 11A of the School Code): Formation of a K-12 district from elementary and high school (dual) territory, or from an existing unit district and territory not within a unit district, or from two or more existing unit districts.
- Combined school district (previously in Article 11B of the School Code): Two or more elementary districts or two or more high school districts combine to form a new district.
- School district conversion (previously in Article 11D of the School Code): Two or more unit districts combine to form elementary districts based on the old unit district boundaries and a new high school district overlying the entire territory.

### **C. New reorganization types authorized by P.A. 94-1019**

The new reorganization types authorized by P.A. 94-1019 and included within the new Article 11E are:

- Optional elementary unit district: A unit district is formed from a high school district and any elementary district(s) approving the consolidation. All students in the territory will attend the new district for high school purposes. Only those students living in elementary districts electing to join the new district will attend for elementary purposes. Elementary districts electing not to join the new district will remain separate, independent elementary districts. Under prior law, one elementary district could keep an entire area from moving forward with a unit district formation.
- Combined high school – unit district: A high school district can combine with a unit district so long as both districts approve and are physically contiguous. The new district would serve the entire territory for high school purposes, but only the former unit district territory for elementary purposes.
- Multi-unit conversion: A new conversion process is available if two or more unit districts want to consolidate at the high school level, but keep a separate

elementary district for part of the territory. The unit districts can dissolve to form a new combined high school-unit district serving the entire territory for high school purposes, and the former territory of one of the units for elementary purposes. A new elementary district would be formed serving the former territory of the other unit district for elementary purposes.

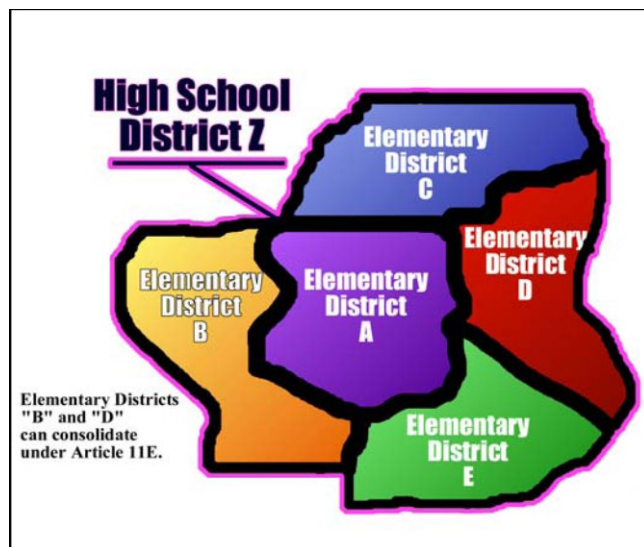
**5. Are any of the reorganization types included in Article 11E involuntary?**

No. All reorganizations included in Article 11E must be approved by a majority vote in each of the districts impacted by the reorganization.

**6. Does P.A. 94-1019 change the prior requirements for conversions, combinations and unit district formations?**

P.A. 94-1019 makes minor changes to the prior requirements for conversions, combinations and unit district formations to provide more opportunities for voluntary reorganizations. It eliminates the minimum equalized assessed valuation (EAV) and population requirements for the formation of unit districts and school district combinations, which lead to larger districts. It also eliminates the maximum enrollment limits for school district conversions, which lead to larger high school districts. The regional superintendent and State Superintendent will have the opportunity to review the viability of the proposed districts. Therefore, the drafters of P.A. 94-1019 felt these statutory restrictions were unnecessary.

P.A. 94-1019 also authorizes elementary districts within the same high school district to consolidate, even if not contiguous. These districts will always be in the same general geographic region, and because they feed to the same high school district, their consolidation can help with curricular alignment between the elementary and high school districts.



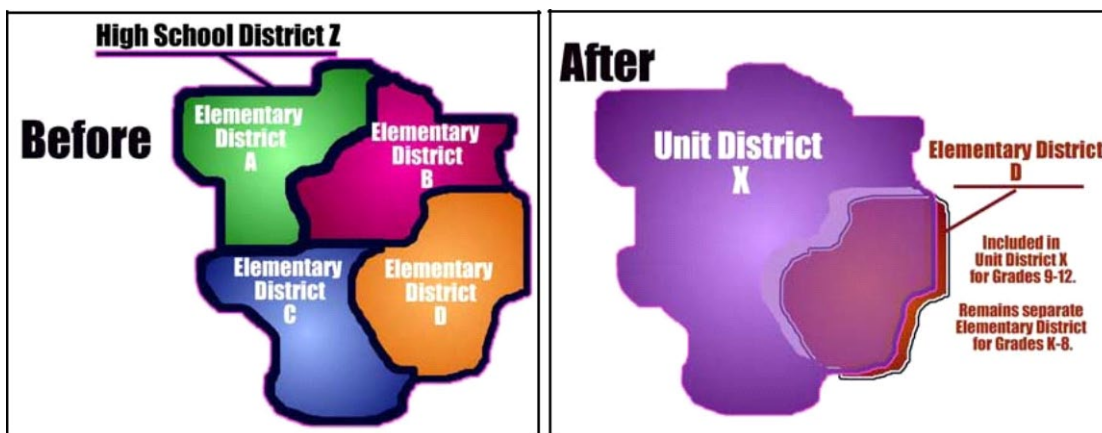
## B. FURTHER EXPLANATION OF “HYBRID” DISTRICTS

P.A. 94-1019 authorizes the creation of two entirely new types of school districts: optional elementary unit districts, and combined-high school unit districts. (A multi-unit conversion is a new reorganization process that results in a combined high school – unit district and one or more new elementary districts.) In this guidance document, optional elementary unit districts and combined-high school unit districts are collectively referred to as “hybrid” districts because they both include some territory of the district for K – 12 purposes, and the remaining territory for high school purposes only. (In Article 11E, the statutory term for “hybrid” districts is partial elementary unit districts.) The following sections further illustrate these options.

### 1. Optional Elementary Unit District

An optional elementary unit district may be a desirable option for dual district territory where some, but not all, of the elementary districts are likely to approve a unit district formation.

- Under this type of reorganization, a unit district is formed from the high school district and any elementary district(s) approving the consolidation. Elementary districts A, B and C can form a unit with high school district Z, even if D does not join.



#### *Eligibility Requirements*

P.A. 94-1019 includes protections to ensure that optional elementary unit districts are only formed from dual district territory with tax rates suggesting the newly-formed district can be viable at unit district rates. Specifically, territory comprising at least 51% of the EAV of the high school district must be subject to a combined high school and elementary tax rate for educational purposes of 4.0% or less.

In addition, the high school district and elementary districts must be “substantially coterminous.” This means that the high school district and elementary districts share the same

boundaries, or share the same boundaries except for territory encompassing, for a particular district, (i) less than 25% of the land area of the district, (ii) less than 8% of the student enrollment of the district, and (iii) less than 8% of the equalized assessed valuation of the district. If the dual territory is not “substantially coterminous,” it can become that way through the detachment and annexation process authorized under Article 7 of the School Code.

ISBE can assist local districts to determine whether they are eligible to form an optional elementary unit district.

***Opt-in process:***

For five years following the formation of an optional elementary unit district, an elementary district that did not join initially can vote to join solely by a vote within that elementary district. The elementary district must bond out any operational debt it has incurred since the new district was formed so that the debt remains the responsibility of taxpayers within the elementary district. The drafters of P.A. 94-1019 did not want the elementary district to run up its operational debt, knowing it has the ability to opt-in to the unit and force that debt onto the larger territory.

A very limited exception to the Property Tax Extension Limitation Law (PTELL) is allowed so that tax-cap elementary districts can convert the operational debt to bonded debt. Otherwise, a tax cap district that could have originally voted to join the unit district could be shut out of that opportunity simply because of PTELL restrictions. P.A. 941019 adds language to the notice and ballots for an opt-in to ensure voters know that funding bonds will be issued to convert any operational debt to bonded debt.

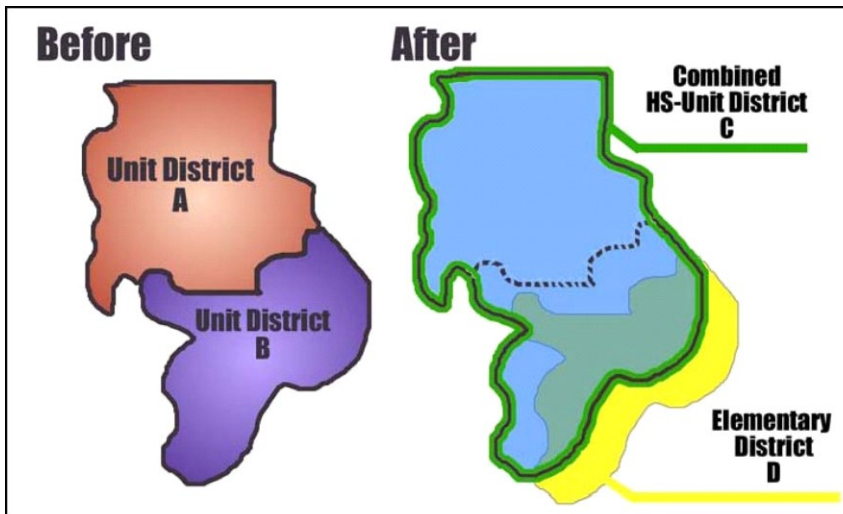
**2. Combined High School – Unit District**

A combined high school – unit district may be a desirable option when voters in dual district territory wish to consolidate with a neighboring community for high school purposes, but want to retain their existing separate elementary school district(s).

**3. Multi-Unit Conversion**

A multi-unit conversion may be a desirable option when voters in a unit district wish to consolidate with a neighboring unit district for high school purposes, but want to create a new elementary district to maintain local control over the elementary schools.





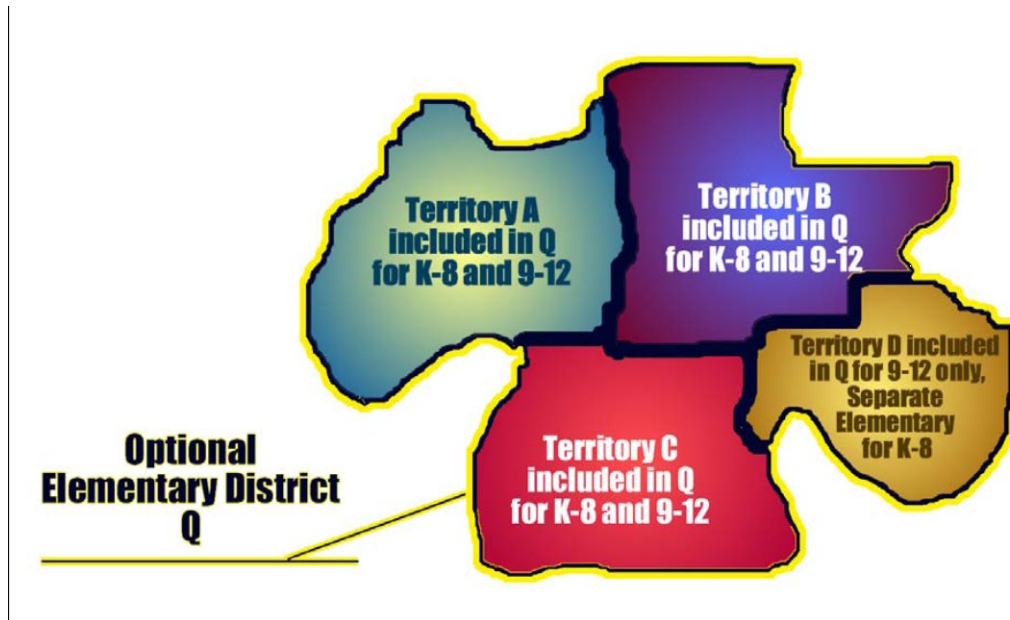
**4. How do the tax rates and bonding work for the “hybrid districts”?**

- In general, for a few of the taxes levied by a hybrid district, the hybrid district will have a separate rate for high school purposes and a separate rate for elementary purposes. The high school rate will apply to the entire territory. The elementary rate will only apply to the territory included for elementary purposes.
- A hybrid district has three types of tax rates: elementary rates, high school rates, and general rates. If the district wants to increase the rates after the district has been formed, the following approval requirements apply:
  - Elementary rates: Any increases to tax rates for elementary purposes must only be approved by a majority of voters living in the territory included for elementary purposes.
  - High school rates: Any increase to the high school rates must be approved by a majority of the voters living in both the high school-only territory, and the K-12 territory.
  - General rates: Any increase to general rates (e.g., transportation, health life safety) must be approved by a majority of the voters living in both the high school-only territory, and the K-12 territory.
- Hybrid districts must issue bonds for either elementary or high school purposes. Bonds for high school purposes must be approved by a majority of voters in the entire territory. Bonds for elementary purposes must only be approved by a majority of voters included in the district for elementary purposes. Hybrids will have a debt limitation applicable to the entire district for high school purposes, and a separate debt limitation for elementary purposes only applicable to a portion of the district. The districts will have flexibility to use either elementary or high school bond funds for expenses and facilities used by the whole district (such as administrator salaries, administrative offices, etc.).

### Example 1 – Optional Elementary Unit District

In this example, elementary districts A, B, and C and high school district Z have consolidated to form new optional elementary unit district Q.

- The optional elementary unit district has separate rates for K-8 and 9-12 educational purposes, operations and maintenance purposes and special education. In the example below, the 9-12 rates apply to the entire territory (A, B, C and D below); K-8 rates only apply to the territory where the elementary districts elected to join the new district (A, B and C below). All other rates apply to the entire territory.
- Rate for educational purposes (4.0% unit maximum under current law): The K-8 and 9-12 rates are each capped at 3.5%; the combined rate cannot exceed 4.0%.
- Rate for operations and maintenance purposes (.75% unit maximum under current law). The K-8 and 9-12 rates are each capped at .55%; the combined cannot exceed .75%.
- Rate for special education purposes (.80% unit maximum under current law): .40% maximum rate for K-8 special education purposes, and .40% maximum rate for 9-12 special education purposes.
- All other rates are subject to unit district maximums.



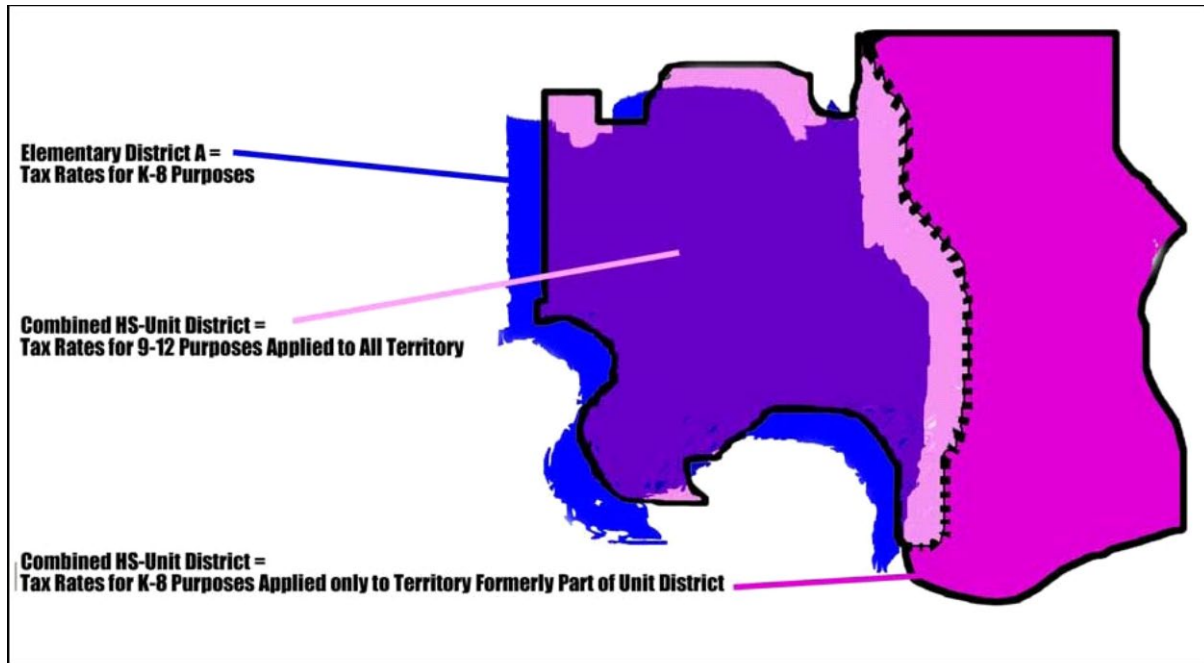
### Example 2 – Combined High School – Unit District

In this example, districts Q and Z have formed a combined high school - unit district that serves

entire the territory for 9-12 purposes, and residents of Q for K-8 purposes.

**The combined high school – unit district has separate rates for K-8 and 9-12 educational purposes, operations and maintenance purposes, and special education purposes. The 9-12 rates apply to entire territory (Q and Z below); the K-8 rates only apply to territory served for elementary (Q below). All other rates apply to entire territory.**

- Rate for educational purposes (4.0% unit maximum under current law): The K-8 and 9-12 rates are each capped at 3.5%; the combined rate cannot exceed 4.0%.
- Rate for operations and maintenance purposes (.75% unit maximum under current law): The K-8 and 9-12 rates are each capped at .55%; the combined rate cannot exceed .75%.
- Rate for special education purposes (.80% unit maximum under current law): .40% maximum rate for K-8 special education purposes, and .40% maximum rate for 9-12 special education purposes.
- All other rates are subject to unit district maximums.



## 5. Who serves on a hybrid district's school board? Who votes to elect them?

All hybrid board members will be elected at-large from the entire territory included in the district. Anyone living in the territory, whether for high school purposes only or K-12 purposes, will vote to elect the board. The bill includes protections for voters living in the different parts of the territory to ensure the board does not unfairly try to raise elementary or high school taxes for the benefit of a particular subset of voters.

## 6. How does the formation of hybrid districts affect General State Aid?

When determining General State Aid, the equalized assessed valuation (EAV) for hybrid districts will be determined by adding a K-8 EAV and a 9-12 EAV. The total for K-8 and 9-12 is 3.00%, which is the same rate for current unit districts. The K-8 rate of 2.08% and 9-12 rate of .94 percent were established by taking the current elementary and high school EAV rates (2.30% and 1.05%), and reducing each proportionally so that the overall rate is equal to 3.00%.

**7. Will school business officials be able to administer hybrid districts, and will county clerks be able to figure out the tax levies?**

The hybrid districts will require the establishment of a few additional subfunds not required for traditional unit districts. However, school districts are used to accounting for subfunds from multiple restricted sources (state, federal, specific grant programs, etc.) and the fund accounting for the new districts will not involve much additional complexity.

One must also remember that two or more old districts will be dissolved in the formation of the new district. Consequently, the overall number of tax levies, funds, etc. will be substantially reduced for the territory. One business official will administer one set of books for a hybrid district, rather than multiple district business officials administering multiple sets of books. County clerks would actually be dealing with fewer levies than prior to the creation of the hybrid district. County clerks will be able to rely on the boundaries of the old districts when determining the tax levies.

**C. GENERAL QUESTIONS REGARDING CONSOLIDATIONS UNDER ARTICLE 11E**

**1. In general, what is the process for undertaking a school district reorganization?**

**A feasibility study may be conducted to assess options, or data may be gathered less formally by school boards or interested citizens**

- A petition is filed with the appropriate regional office of education
- The regional office publishes notice of a hearing
- A hearing is held to consider the petition
- The regional superintendent makes a decision to approve or deny the petition
- The State Superintendent reviews the information from the local hearing and makes a decision to approve or deny the petition
- If approved, the regional superintendent certifies the public question for the ballot
- Citizens vote

**2. Who must approve the filing of a petition under Article 11E?**

Section 11E-35 provides that a petition shall be filed with the regional superintendent of schools of the educational service region in which the territory described in the petition or that part of the territory with the greater percentage of equalized assessed valuation is situated.

**3. Does P.A. 94-1019 change the petition requirements under prior law?**

Only minimally. Under Article 11E, petitions must be signed by at least 50 legal resident voters or 10% of legal resident voters, whichever is less, or approved by the boards of each affected district. These are the same requirements set forth in three of the School Code reorganization articles consolidated into 11E. Unit district formations under the prior Article 11A had the same requirements, but also required the signature of 200 voters in the territory if the petition was not approved by the boards. While the 200 voter signature requirement was not carried over to Article 11E for consistency purposes, this is not a substantial change. Any unit district formation involving four districts will automatically meet the 200 voter signature requirement, and ISBE had not found the 200 voter signature requirement to be an impediment to getting a petition on the ballot.

#### **4. What must be included on a petition?**

- a. A request to submit the proposition at a regular scheduled election
- b. A description of the territory comprising the districts proposed to be dissolved and those to be created
- c. The maximum tax rates for various purposes which the proposed district(s) shall be authorized to levy, with PTELL information if necessary
- d. Allocation of supplementary State deficit difference payments among proposed districts
- e. Division of assets and liabilities
- f. If desired, a request to elect school board members at the same election by separate ballot
- g. If desired, a request that board members for a unit district (other than a partial elementary unit district) be elected by school board districts rather than at large
- h. If desired, a request to submit the format for the election of a new high school board as part of a unit to dual conversion proposition
- i. If desired, a request to submit a proposition by separate ballot for authority to issue bonds
- j. A designation of a committee of ten of the petitioners (Committee of Ten)

#### **5. How are tax rates for the proposed district specified on the petition?**

Section 11E-80 distinguishes formation of a district subject to PTELL from a district not subject to PTELL.

##### ***Proposed district not subject to PTELL:***

A non-PTELL district, other than a partial elementary unit district ("hybrid district") must include in the petition:

- A. The maximum rates for educational, operations and maintenance, and pupil transportation purposes, subject to the rate limitations in Sections 17-2 and 17-3; and
- B. If the new district wants to secure authority to levy other taxes above the permissive rates, then those maximum rates must also be included. For example, such additional levies might be needed for special education, leasing of educational facilities or computer technology, capital improvement, and fire prevention and safety.

Where a partial elementary unit district ("hybrid district") not subject to PTELL will be formed, Section 11E-90(b) or 11E-95(b) provides the necessary purposes and tax rate

information. Generally, the petition must include:

- A. The maximum rates for both K-8 and 9-12 educational, operations and maintenance, and special education purposes;
- B. The maximum rate for pupil transportation purposes; and
- C. If the new district wants to secure authority to levy other taxes above the permissive rates for unit districts, then those maximum rates must also be included.

***Proposed district subject to PTELL:***

A proposed district subject to PTELL must include in the petition:

- A. The purpose for each and every tax that the new district will be authorized to levy;
- B. The maximum rates;
- C. The aggregate extension base in accordance with Section 18-210 of the Property Tax Code; and
- D. If desired, the debt service extension base under Section 18-212 of the Property Tax Code.

If a partial elementary unit district ("hybrid district") subject to PTELL will be formed, the petition must also indicate whether the tax is for K-8 or 9-12 purposes to the extent required by Section 11E-90 or Section 11E-95.

**6. What is the Committee of Ten? Who is usually included, and how does it operate?**

A committee of ten of the petitioners will be designated in the petition. The Committee of Ten acts as attorney in fact for all petitioners, may amend the petition in all respects (with exceptions for increasing or decreasing territory in a unit district formation), and may make binding stipulations on behalf of all petitioners as to any question with respect to the petition. While the Committee of Ten technically doesn't come into existence until designated in the petition, the reality is most committees form prior to the petition to work on the items needed in the petition. That committee then becomes the "Committee of Ten" when it is formally designated in the petition.

It is the duty of the petitioners to complete the items required in the petition. As representatives of all the petitioners, this duty usually falls to the Committee of Ten. Also, most parents/taxpayers will want to know additional information regarding the proposed new district(s) such as: curriculum, extra-curricular offering, facility usage, transportation issues, etc. Most Committees of Ten also formulate plans for the new district(s) in these areas for presentation at the local hearing and community and board meetings. Committees of Ten often form sub-committee work groups to develop these plans as well as the information required for the petition. Usually, one or two members from the Committee of Ten serve on each sub-committee work group along with additional community members.

**7. What districts have the right to be notified of and vote on a school district reorganization?**

"Affected districts" have the right to be notified of and vote on the reorganization.

Section 11E-10 defines “affected district” as:

Any school district with territory included in a petition for reorganization under this Article that encompasses (i) 25% or more of the total land area of the district, (ii) more than 8% of the student enrollment of the district, or (iii) more than 8% of the equalized assessed valuation of the district.

### **8. What notices must be given when a petition is filed?**

Section 11E-40 states that upon filing of the petition, the regional superintendent shall cause a copy of the petition to be given to each school board of the affected districts and to the regional superintendent of any other educational service region in which territory described in the petition is situated.

The regional superintendent also must publish notice at least once each week for 3 successive weeks in at least one newspaper of general circulation in the area. The notice shall state when and to whom the petition was presented, the prayer of the petition, descriptions of the territories proposed to be dissolved and created, and the day on which the hearing shall be held. If applicable, at the same election but by separate ballots, the notice also must include the proposition to elect school board members and any proposition to issue bonds, including the amount and purpose.

### **9. What are the hearing requirements? Who conducts it and how is it conducted?**

No more than 15 days after the last date on which notice was published, the regional superintendent with whom the petition is required to be filed shall hold a hearing. Prior to the hearing, the Committee of Ten shall submit maps showing the districts involved and other pertinent information. The regional superintendent shall allow for public testimony on the action proposed in the petition. Any regional superintendent entitled to notice and 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 or written testimony or both. The regional superintendent must arrange for a written transcript of the hearing.

The regional superintendent shall allow for public testimony and shall present or arrange to have presented the following:

- Evidence as to the school needs and conditions of the affected districts and in the area adjacent thereto
- Evidence with respect to the ability of the proposed district(s) to meet ISBE recognition standards
- A consideration of the division of funds and assets
- A description of the maximum tax rates and if applicable, the specifications related to PTELL

### **10. Who must approve the petition prior to it being placed on the ballot? Can these decisions be challenged in court?**

Within 14 days after the conclusion of the hearing, the regional superintendent must approve or deny the petition through a written order. Failure to act within 14 days shall be deemed a denial.

The regional superintendent shall submit the decision and all evidence to the State Superintendent of Education. The State Superintendent shall review the petition, the record of the hearing, and the written order (if any). Within 21 days after the receipt of the regional superintendent's decision, the State Superintendent shall approve or deny the petition through a written order. If denied, the State Superintendent shall set forth in writing the basis for denial.

The decision of the State Superintendent is a final administrative decision subject to the Administrative Review Law. Any resident of any territory described in the petition who appears in support of or opposition to the petition at the hearing or any petitioner or any school board of any district in which territory described in the petition is situated may, within 35 days after receipt of the decision by certified mail, appeal.

**11. Does P.A. 94-1019 eliminate the role for the Regional Board of School Trustees?**

The regional board of school trustees does not play a role in the reorganization types included in Article 11E. It is only involved in detachments and dissolutions under Article

7. P.A. 94-1019 has no impact on its role.

**12. Who is responsible for paying the costs associated with a reorganization?**

The petitioners are responsible for paying the costs of notices and transcripts. Some prior reorganization articles required these costs to be split with the regional superintendent, but in Article 11E these costs are placed on the petitioners.

**13. What protections are included in P.A. 94-1019 to ensure viable school districts result from school district reorganizations?**

All reorganizations under Article 11E must be approved by a majority vote in each of the affected districts. In addition, Article 11E has several protections against allowing a reorganization that will not form a viable district. Both the regional superintendent and the State Superintendent have to approve the petition before it ever gets on the ballot. During this review, the regional superintendent and State Superintendent must consider the needs of the proposed districts and the surrounding districts, and determine whether viable districts will result from the reorganization.

**14. What are the general election procedures under Article 11E?**

Elections are conducted in accordance with the general election law. The regional superintendent is the election authority who orders the elections and certifies the reorganization question, candidates for newly created school boards, and a proposition to issue bonds, if any, to the county clerk for placement on the ballot. When board members are elected for a new district, the regional superintendent calls the organizational meeting and certifies the officers.



**15. What are the passage requirements for a reorganization question?**

For an optional elementary unit district, a majority of the electors voting in the high school district and a majority of the voters in at least one affected elementary district must vote in favor of the proposition.

For an elementary district electing to join an optional elementary unit district (opt-in), a majority of the electors voting in that elementary district only is required.

In all other cases under Article 11E, a majority of the electors voting at the election in each affected district must vote in favor of the proposition.

**16. If approved, when does the reorganization go into effect?**

The change becomes effective after the time for appeal has run; however, the administration shall not be affected until the July 1 following the date that the school board election is held for the new district(s). The effective date for purposes of administration and attendance may be accelerated or postponed by stipulation and with the approval of the regional superintendent.

**17. What actions can be taken prior to the effective date of the new district?**

After the new board has organized and elected officers, but before the effective date of the reorganization, the new board shall have the following powers if the existing districts so allow by stipulations approved by the regional superintendent:

- Establish a tax levy
- Enter into agreements for depositing and investing funds
- Conduct a search for a superintendent and enter an employment contract
- Conduct a search for other administrators and staff and enter employment contracts
- Engage the services of accountants, architects, attorneys, and other consultants
- Plan for the administrative transition
- Bargain collectively
- Expend funds from the levy and from the existing districts to meet payroll and other essential operating expenses
- Issue bonds under Section 17-2.11 (Fire Prevention & Safety)

**18. What happens to the tenured teaching staff of districts involved in a reorganization?**

Upon the effective date of a school district reorganization, the positions of tenured teachers shall be transferred in accordance with Section 24-12. Tenure is not lost and transferred teachers shall be treated as if they had been employees of the new district during the time they were employed by the original district.

Article 11E also provides specific requirements in the case of a school district conversion or

multi-unit conversion. Positions of tenured teachers that, during the 5 school years immediately preceding the effective date of change, were full-time positions in grades 9-12 shall be transferred to control of the school board of the high school or combined high school–unit district. Positions of tenured teachers that, during the 5 years immediately preceding the effective date of change, were full-time positions in K-8 shall be transferred to the control of the school board of the newly created successor elementary district. Positions of tenured teachers that were full-time positions not required to be transferred to either shall be transferred to the control of whichever of the boards the teacher shall request. If neither the original district nor the newly created district can stipulate as to where a position is transferred, the regional superintendent shall make the determination.

**19. When districts combine or consolidate, the teaching staffs tend to have their pay scales equalized by bumping everyone up to the highest-paid district’s level. Are there any exemptions for these adjustments from the 6% Teachers’ Retirement System (TRS) cap?**

**NOTE: THE ANSWER BELOW APPLIES IF AND WHEN SENATE BILL 49 BECOMES LAW.**

Yes. Newly amended Section 16-158 of the Pension Code (40 ILCS 5/16-158) requires a teacher’s same employer to pay TRS the present value of the increase in pension benefits that results from that portion of a salary increase in excess of 6%. However, the same Section also states that a transfer in teaching position due to school district reorganization shall constitute a change in employer. Because the new district will not be the same employer for this purpose, it will not be required to pay the increase to TRS.

**20. How does a school district reorganization impact Adequate Yearly Progress status under the No Child Left Behind Act and the School Code?**

When two or more districts are involved in a school district reorganization that results in the formation of one or more new districts, the new district(s) will assume the most favorable improvement status level – at each of the state and federal levels – of the districts involved in the reorganization. For example, if District D is in the third year of improvement status, and it combines with District E which is in the fifth year of improvement status, the new District DE will assume the third year of improvement status.

**21. How does a school district reorganization impact approved waivers and modifications?**

Newly created districts under Article 11E must apply for waivers and modifications regardless of whether any of the former districts had a previously approved waiver or modification. Pursuant to Section 2-3.25g, all residents must have an opportunity to give input on the waiver or modification at a public hearing prior to application.

## **D. INCENTIVES**

### **1. How does P.A. 94-1019 change the incentive structure for reorganizations?**

Article 11E carries forward the reorganization incentive structure in current law and applies these incentives to the new reorganization types.

### **2. Do districts get state assistance for conducting studies to investigate reorganization options? Is there money in the FY 07 budget for this?**

Yes and yes. Districts can receive financial assistance from the State in order to hire a consultant to conduct a School District Reorganization Feasibility Study. Feasibility studies are a tool to be used by school districts wanting to investigate the advantages and/or disadvantages of reorganization options. The State of Illinois Fiscal Year 2007 budget appropriates \$300,000 to ISBE for School District Reorganization Feasibility Studies.

### **3. How do school districts apply and qualify for feasibility study funds?**

Interested school districts submit a proposed agreement with an independent contractor(s) to their Regional Office of Education (ROE). The ROE reviews the agreement for approval and submits to the State Board of Education (ISBE) for final approval. The school board of each district involved must approve, by board action, the initiation of the feasibility study, and the superintendent of each district must sign the feasibility study agreement prior to submission to the ROE. Feasibility study funds are available on a “first come – first served” basis.

Questions on feasibility studies and funding can be addressed to: Michelle Heninger, School Business and Support Services Division Illinois State Board of Education 217/785-8779 - [mheninge@isbe.net](mailto:mheninge@isbe.net)

### **4. How much is in the budget for reorganization incentives?**

The State of Illinois Fiscal Year 2007 budget appropriates \$7,550,000 to ISBE for School District Reorganization Incentive payments. All incentives are fully funded at this time.

### **5. Please explain the types of reorganization incentives included in Article 11E.**

The four School District Reorganization Incentives are:

- General State Aid Difference: paid if the General State Aid Entitlement (GSA) for the newly reorganized district(s) for the first year of existence is less than the GSA would have been that same year on the basis of the previously existing districts
- Salary Difference: for teachers employed in each newly reorganized district who were also employed in one of the previously existing districts, calculates the difference between what those teachers were paid in their original district for the last year of existence and what they would have been paid if placed on the highest salary schedule of the districts forming the newly reorganized district

- Deficit Fund Balance: calculates each previously existing district's fund balances by combining the Education, Operations and Maintenance, Transportation, and Working Cash funds; if any previously existing district has a combined deficit fund balance, the incentive pays the difference between the lowest deficit and the other deficits; a positive combined fund balances is considered a deficit of \$0; for districts with a deficit, an additional calculation compares current year expenditures to prior 3-year average expenditures, with the incentive being reduced by the excess if the current year expenditures are greater than the prior 3-year average
- \$4,000 per Certified Staff: \$4,000 paid for each full-time, certified staff member employed by each reorganized district

## **E. FIRST STEPS AND FURTHER QUESTIONS**

### **1. If a school board is interested in exploring reorganization options, what are the first steps?**

The following are suggestions only. Since each school district is unique, how it first explores reorganization options will vary.

A school board should first assess its own district's situation to discover which option or options would most benefit the district's students, parents, and taxpayers. Inquiry letters could then be sent out to neighboring districts to gauge interest in reorganization. Interested districts can discuss reorganization options during board meetings, joint board meetings, community meetings, and/or small group meetings. Interested districts may also apply for Reorganization Feasibility Study funding in order to hire a consultant to report on their specific situation. It is best for a school board exploring reorganization options to continually communicate with its public. A referendum is more likely to be successful with community buy-in. A board should keep its local regional superintendent informed of its discussions and progress.

### **2. If a citizen is interested in exploring reorganization options, what are the first steps?**

The following are suggestions only. Since each school district is unique, how citizens first explore reorganization options will vary.

A citizen should assess his own district's situation to discover which option or options would most benefit the district's students, parents and taxpayers. This could be done by gathering information about curriculum, finances, school buildings, student transportation, extra-curricular activities and the community's feelings regarding reorganization. Inquiry letters could even be sent out to neighboring districts to gauge interest in reorganization. Citizens may present the information gathered to the local school board.

If the citizen drive leads to the filing of a petition for school district reorganization, all requirements of Article 11E must be met, just as if a school board submitted the petition.

### **3. Who can I contact for further information?**

ISBE provides technical assistance for districts or citizens investigating reorganization options. ISBE can also send staff members to interested communities to discuss these options.

Questions on School District Reorganization options and process can be addressed to: Michelle Heninger School Business and Support Services Division Illinois State Board of Education  
217/785-8779  
[mheninge@isbe.net](mailto:mheninge@isbe.net)

## Approximate Timelines

### for 2019 Elections

The following are approximate timelines only. Timelines would have to be adjusted based on the actual dates of the filed petition, the published notices, and the local hearing.

Week of October 1, 2018	Approximate last week to file a petition under Article 11E with ROE & meet all other timelines
October 8 – October 14	ROE Publishes 1 <sup>st</sup> Public Hearing Notice
October 15 – October 21	ROE Publishes 2 <sup>nd</sup> Public Hearing Notice
October 22 – October 28	ROE Publishes 3 <sup>rd</sup> Public Hearing Notice
Not more than 15 days after the last date on which the required notice is published, the ROE holds the Public Hearing	
Between Nov. 6 and Nov. 12	Public Hearing – based on date of published notice
November 13 – November 26	Decision by ROE – based on November 12 hearing date (14 days)
November 27 – November 28	Submit Hearing Documents to ISBE
November 29 – December 19	Decision by State Superintendent (21 days after receipt of ROE Decision)

December 20 – January 23	Time period to contest State Superintendent decision under Administrative Review Law (within 35 days after decision was served)
January 24, 2019	Proposition Submitted to Proper Election Authority (68 days prior to election)
April 2, 2019	Consolidated Election

**Comparison Chart of Article 11E**  
**to Prior School Code Reorganization Provisions**



	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
Types of districts involved	Elementary, high school, or unit districts; for dissolution under 7-2a(b) and 7-11, district dissolving must have less than 5,000 residents	Unit district with less than 250 students in grades 9-12 contiguous to a high school district (7A-1)	Dual territory (elementary and high school), 2 or more entire unit districts, one or more entire unit district with dual territory	2 or more entire elementary districts or 2 or more entire high school districts (11B-1)	2 or more contiguous unit districts or 1 or more unit and one or more high school districts, all contiguous; none of the districts involved may have more than 600 students in grades 9-12 (11D-1)	Depends on type of reorganization involved
Minimum EAV requirements for involved territory	No	No	At least \$12,000,000 EAV for dual territory consolidation; may have consolidation of dual territory with less than minimum EAV if ROE & State Superintendent determine consolidation meets 5 specific factors (11A-	At least \$5,000,000 EAV (11B-2)	No	No

			2)			
Minimum population requirements for	No	No	Not less than 4,000 nor more than 500,000 for dual	Not less than 1,500 nor more than 500,000 (11B-2)	No	No

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
involved territory			territory consolidation; may have consolidation of dual territory with less than minimum population if ROE & State Supt determine consolidation meets 5 specific factors (11A-2)			
Petition filing requirements	May be filed by the boards of each district affected, a majority of registered voters of each district affected, or 2/3 of the registered voters in the territory proposed to be detached; if there are no registered voters in the territory proposed to be detached, the petition may be filed by all owners of record of the real estate of the territory; any petition for dissolution can be filed by the board of education or a majority of voters in the district proposed to be	Must be signed by at least 10% of the voters residing within each district affected (unit district and high school district) or by the boards of each district affected (7A-2)	Must be signed by 200 voters residing in at least ¾ of the school districts or parts of districts and residing in the territory included in the petition and must contain signatures from the lesser of 50 legal resident voters or 10% of the legal resident voters from each district wholly or partially included in the petition, or must be signed by the	Must be signed by at least 10% of the voters residing within each district or by the boards of each district (11B3)	Must be signed by the lesser of 50 voters or 10% of the voters residing in each affected district (11D-2)	Must be signed by at least 50 legal resident voters or 10% of legal resident voters, whichever is less, or approved by boards of each affected district. (11E-35(a))

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	dissolved (7-1; 7-2; 72a(a))		boards of each district wholly or partially included in the petition (11A-3)			
Petition content requirements	1. If filed under 7-1 or 72 and dissolution/annexation, petition shall request submission at regular scheduled election; 2. Except for petitions filed under 7-2a(b), any petition for dissolution must specify annexing school district or districts; 3. For Detachment/Annexation or Dissolution/Annexation, designate Committee of Ten when petition contains more than 10 signatures 4. For a petition for Detachment/Annexation or Dissolution/Annexation filed under Section 7-1, each page of circulated	1. Request submission at regular scheduled election 2. describe territory of unit to be dissolved 3. describe territory of existing high school district 4. set forth maximum tax rates 5. may request election of elementary board members at same election 6. designate Committee of Ten, if petition contains more than 10 signatures. (7A-2)	1. Request submission at regular scheduled election; 2. describe territory of proposed district; 3. set forth maximum tax rates; 4. designate Committee of Ten; 5. may request election of board members by school board districts instead of at-large; 6. may request election of board members at same election; 7. may request issuance of bonds on separate ballot; 8. may request that bonded indebtedness of	1. Request submission at regular scheduled election; 2. describe territory comprising the proposed district by districts; 3. set forth maximum tax rates; 4. designate Committee of Ten 5. may request election of board members at same election; 6. may request issuance of bonds on separate ballot; (11B-3)	1. Request submission at regular scheduled election; 2. describe territory comprising proposed districts; 3. set forth maximum tax rates for each proposed district; 4. set forth manner in which State deficit difference payment will be allocated among new districts; 5. designate Committee of Ten; 6. define format for election of the new high school board; 7. provide for the division of assets	1. Request submission at regular scheduled election; 2. describe territory; 3. set forth maximum tax rates; 4. set forth manner in which State deficit difference payments will be allocated among new districts; 5. address division of assets and liabilities; 6. may request election of board members; 7. for units other than partial elementary unit district, may request election of

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	petition shall include the full prayer of the petition; each signature contained therein shall match the official signature and address of the registered voters as recorded in the office of the election authority having jurisdiction over the county; each petitioner shall record the date of his/her signing; each page of the petition shall be signed by a circulator who has witnessed the signature of each petitioner on that page (7-6(b-5), 7-2a(a), 7-6(c), 7-1)		each existing district be assumed by entire territory of new district (for new district formed from entire territory of 2 or more school districts (11A-3)		and liabilities to be allocated to the proposed new districts 8. may request election of school board for each new district at same election; 9. may request issuance of bonds on separate ballot. (11D-2 and 11D-6 for item #6)	board members by district; 8. for unit to dual conversion, may define the format for election of high school board 9. may request issuance of bonds; 10. designate Committee of Ten. 11E-35(b)
Notice of petition	Notice given, by copy of petition, to board of any district involved in boundary change and to the Regional Board of School Trustees of any region affected (7-6(a) and 7-6(b))	Notice given, by copy of petition, to board of each district affected and any other ROE affected (7A-2)	Notice given, by copy of petition, to board of each district involved in the proposed formation of new district (11A-3)	Notice given, by copy of petition, to board of each district involved in the proposed formation of new district (11B-3)	Notice given, by copy of petition, to each board of any district involved in the petition (11D-2)	Notice given, by copy of petition, to board of each affected district and any other affected ROE (11E-40(a)).
Committee of Ten requirements	Needed when more than 10 signatures on petition; attorney in fact for all	Attorney in fact for all petitioners; may make binding	Can amend the petition in all respects prior to	Can amend the petition in all respects prior to	Can amend the petition in all respects prior to	Attorney in fact for all petitioners; can amend the petition

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	petitioners; may make binding stipulations on behalf of all petitioners as to any question with respect to the petition or hearing or joint hearing; power to stipulate to accountings or waiver between school districts (7-6(c))	stipulations on behalf of all petitioners as to any question with respect to petition or hearing; power to stipulate to accountings or waiver between school districts (7A-2)	final decision of ROE (can not have increase or decrease of territory by more than 25%); can make binding stipulations on behalf of all petitioners as to any question with respect to the petition or hearing; can stipulate to accountings or waiver between school districts; may voluntarily dismiss petition at any time before final decision of ROE (11A-3)	ROE final decision; can make binding stipulations on behalf of all petitioners as to any question with respect to the petition or hearing; can make stipulations for accountings or waiver between school districts; may voluntarily dismiss petition at any time before final decision of ROE (11B-3)	ROE final decision; can make binding stipulations on behalf of all petitioners as to any question with respect to the petition or hearing; may voluntarily dismiss petition at any time before the final decision of ROE (11D-2)	in all respects (except that, for unit districts, may not increase or decrease territory by more than 25 percent); make binding stipulations on behalf of petitioners (11E-35(b)(10))
Regional superintendent decision	N/A	Determines whether petitioners have paid expense of notice; determines whether the petition as filed is proper and in compliance with	Determines whether petition is proper and in compliance with any applicable petition requirements of Election Code; hears evidence as	Hears evidence as to school needs and conditions in the territory which will form the proposed new district and as to the ability of the proposed new district to meet the	Determines whether petition is proper and in compliance with any applicable petition requirements of Election Code; hears evidence as	Determines whether petition is in proper order and in compliance with Article 11E and Election Code and informs petitioners of such or of defects in petition

		petition				
--	--	----------	--	--	--	--

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
--	---	---	---	--	---	---

	<p>requirements of Election Code; hears evidence as to school needs and conditions in all territory described in petition and in area adjacent; hears evidence with respect to ability of elementary district to be created and high school district after annexation to meet standards of recognition; takes into consideration any division of funds or assets; determines whether it is for the best interests of the schools of the area and the educational welfare of the pupils; decision approving or denying petition within 14 days after conclusion of hearing (7A-2)</p>	<p>to the school needs and conditions of the territory and adjacent area; takes into consideration the division of funds and assets which will result; determines whether it is for the best interests of the schools of the area and the educational welfare of the pupils; decision by ROE approving or denying petition must be made within 14 days after conclusion of hearing (11A-3)</p>	<p>standards of recognition as prescribed by ISBE; decision by ROE granting or denying petition must be made within 14 days after the conclusion of the hearing (11B-3)</p>	<p>to school needs and conditions of the territory and adjacent area; takes into consideration the division of funds and assets which will result; determines whether it is for the best interests of the schools of the area and the educational welfare of the pupils; decision by ROE approving or denying petition must be made within 14 days after conclusion of hearing (11D-2)</p>	<p>prior to hearing; (11E-40(d)) At the hearing, takes into consideration the school needs and conditions of the affected districts and in the area adjacent thereto, the division of funds and assets that will result from the action described in the petition, the best interests of the schools of the area, and the best interests and the educational welfare of the pupils residing therein; decision by ROE approving or denying petition must be made within 14 days after conclusion of the hearing (11E50(a))</p>
--	--	--	---	--	---

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
--	---	---	---	--	---	---



Regional Board of School Trustees decision	For petition filed under 71 or 7-2: Hearing by Regional Board of School Trustees of each region affected; (7-6(i), 7-6(k), 7-6(m)) For petition filed under 72a(b): Petition decided solely by the Regional Board of School Trustees of the region in which the ROE has supervision over the district to be dissolved; (7-2a(b) and 7-11)	N/A	N/A	N/A	N/A	N/A
State Superintendent decision	For petitions filed under 7-1, if within 9 months after filing a petition it is not approved or denied by the Regional Board of School Trustees, the petitioners may submit the petition to the State Superintendent for approval or denial; the Regional Board loses all jurisdiction over the petition and all jurisdiction is transferred to the State Supt; the	Reviews entire record of proceedings had before ROE; considers whether the proposed elementary district and high school district after annexation will have sufficient size and financial resources to provide and maintain a	Reviews entire record of proceedings had before ROE; considers whether the proposed district will have sufficient size and financial resources to provide and maintain a recognized educational program; considers whether the	Reviews entire record of proceedings had before ROE; considers whether proposed district will have sufficient size and financial resources to provide and maintain a recognized educational program; considers whether the	Reviews entire record of proceedings had before ROE; considers whether proposed districts will have sufficient size and financial resources to provide and maintain a recognized educational program; considers whether proposed	Reviews the petition, the record of the hearing, and the written order of the ROE; takes into consideration the school needs and conditions of the affected districts and in the area adjacent thereto, the division of funds and assets that will result from the action

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	State Supt shall not be required to repeat any proceedings conducted, but is required to give and publish any notice and hold or complete any hearings that were not given, held, or completed (7-6(l))	recognized educational program; considers whether the dissolution of the unit school district, creation of an elementary school district therefrom and annexation of the same territory to the existing high school district is for the best interests of the schools of the area and the educational welfare of the pupils; considers whether the territory of the proposed elementary district and the territory of the high school district after annexation are each compact and contiguous for school purposes; decision made within 30 days of	proposed school district is for the best interest of the schools of the area and the educational welfare of the pupils; considers whether the territory for the proposed district is compact and contiguous for school purposes; decision made within 30 days of ROE decision (11A-3)	proposed district is for the best interests of schools of the area and the educational welfare of the pupils; considers whether the territory for the proposed district is compact and contiguous for school purposes; decision made within 30 days of ROE decision (11B-3)	districts are for the best interests of the schools of the area and the educational welfare of the pupils; considers whether the territory for the proposed school districts is compact and contiguous for school purposes; decision made within 30 days of ROE decision (11D-2)	described in the petition, the best interests of the schools of the area, and the best interests and the educational welfare of the pupils residing therein; decision approving or denying petition within 21 days after receipt of the ROE decision (11E-50(b))

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
		ROE decision (7A2)				
Timing of notice of petition	For petition filed under 71 or 7-2: Prior to Regional Board(s) of School Trustees hearing; notice published once; hearing held not more than 15 nor less than 10 days after notice (7-6(a) and 7-6(f) For petition filed under 72a(b): Prior to Regional Board of School Trustees hearing; notice published twice each week for two successive weeks; hearing held not less than 50 days nor more than 70 days after petition is filed (7-11)	Prior to ROE hearing on petition; notice once each week for 3 successive weeks; hearing held no more than 30 days after the last date on which required notice is published (7A-2)	Prior to ROE hearing on petition; notice once each week for 3 successive weeks; hearing held not more than 30 days after publication of notice (11A-3)	Prior to ROE hearing on petition; notice once each week for 3 successive weeks; hearing held not more than 30 days after publication of notice (11B-3)	Prior to ROE hearing on petition; notice once each week for 3 successive weeks; hearing held not more than 30 days after publication of notice (11D-2)	Prior to ROE hearing on petition; notice once each week for 3 successive weeks; hearing held not more than 15 days after the last date on which required notice is published (11E-40(a)(2) and 11E-45(a))
Content of notice of petition	For petition filed under 71 and 7-2: 1. When petition was filed; 2. description of territory; 3. prayer of the petition; 4. day on which the	1. When & to whom the petition was presented; 2. description of territory of unit district to be dissolved; 3. description of	1. When & to whom petition was presented; 2. description of territory of proposed district; 3. if requested in the petition a	1. When & to whom petition was presented; 2. description of territory of proposed district; 3. day on which hearing upon	1. when & to whom the petition was presented; 2. description of territory of proposed districts; 3. if requested in the petition a	1. when and to whom the petition was presented; 2. prayer of petition; 3. description of territory; 4. if requested,

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	hearing or joint hearing upon petition will be held (7-6(f)) For petition filed under 72a(b): No specifics on contents of notice contained within Section 7-2a(b) or Section 7-11	territory of existing high school district; 4. statement of maximum tax rates; 5. prayer of petition; 6. day on which hearing on petition shall be held (7A2)	statement of the proposition to issue bonds and the amount and purpose; 4. day on which the hearing upon the petition will be held (11A-3)	petition will be held (11B-3)	statement of the proposition to issue bonds and the amount and purpose; 4. day on which hearing upon petition will be held (11D-2)	proposition to elect board members; 5. if requested, proposition to issue bonds; 6. day on which hearing upon petition will be held. (11E-40(b))
Payment for notice of hearing	Petitioners pay expense of publishing notice; petitioners also pay expense of transcript taken at hearing or joint hearing (7-6(e))	Petitioners pay expense of publishing notice; petitioners also pay expense of transcript taken at hearing (7A-2)	No specific mention on party responsible for payment of notice; common practice is that ROE office pays for notice under 11A	No specific mention on party responsible for payment of notice; common practice is that ROE office pays for notice under 11B	No specific mention on party responsible for payment of notice; common practice is that ROE office pays for notice under 11D	Expense of publishing notice shall be borne by the petitioners and paid on behalf of the petitioners by the Committee of Ten; the expense of the transcript taken at the local hearing shall also be borne by the petitioners and paid on behalf of the petitioners by the Committee of Ten (11E40(a)(2) and 11E45(d))
Administrative review	Yes For petitions filed under 7-1 or 7-2 – within 35	Yes – within 35 days of receipt of copy of State Supt	Yes – within 35 days of receipt of copy of State Supt	Yes – within 35 days of receipt of copy of State Supt	Yes – within 35 days of receipt of copy of State Supt	Yes – within 35 days of receipt of copy of State Supt

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	days of receipt of copy of Regional Board(s) or State Supt decision (7-7) For petitions filed under 7-2a(b) – within 10 days of receipt of copy of Regional Board decision (7-11)	decision (7A-3)	decision (11A-4)	decision (11B-4)	decision (11D-3)	decision (11E50(c))
Election required?	Election required for dissolution/annexation filed under 7-1 or 7-2 (71, 7-2, 7-2a(a), 7-6(o), 77.5) Detachment/Annexations to not have election requirement Dissolutions filed under 7-2a(b) do not have election requirement	Yes (7A-4)	Yes (11A-5)	Yes (11B-5)	Yes (11D-4)	Yes. (11E-55)
Notice of election	In accordance with general election law (77.5(b))	In accordance with general election law (7A-4(b) and 7A-4(c))	In accordance with general election law (11A-5(b) and 11A-5(c))	In accordance with general election law (11B-5(b) and 11B-5(c))	In accordance with general election law (11D-4(b) and 11D-4(c))	In accordance with general election law; contents the same as in existing law. (11E-55(d))
Election approval requirements	Majority of electors voting at election in each affected district (7-7.7)	Majority of electors voting at election in each affected district (7A-6)	Majority of electors voting at election in each affected district; if territory	Majority of electors voting within the territory of the proposed district	Majority of electors voting at election in each affected district (11D-6)	Majority of electors voting at election in each affected district.

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	Detachment/Annexations and Dissolutions filed under 7-2a(b) do noave election.		will be taken from a district to be part of the new unit district and that territory is 25% or more of total land area or student enrollment of territory is greater than 8% and EAV of territory is greater than 8% of the total original district, then all residents of that district are eligible to vote on the consolidation question but not the bond question, if applicable; otherwise, consolidation question submitted only to voters of territory which comprises proposed new district (11A-7 and 11A-8)	(11B-7)		For optional elementary unit district, only requires majority of electors voting in high school district and majority of electors voting in at least one elementary district. For elementary district electing to join an optional elementary unit district (opt-in), only requires a majority of electors voting in that elementary district (11E-65)
Effective date of change	Does not affect administration of the	Does not affect administration of	Does not affect administration of	Does not affect administration of	Does not affect administration of	Does not affect administration of

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	schools until July 1 following the date the petition is granted or upon which the election is held (7-9)	the schools until July 1 following the date the board of education election is held for the new district (7A-8)	the schools until July 1 following the date the board of education election is held (11A-10)	the schools until July 1 following the date the board of education election is held (11B-9)	the schools until July 1 following the date board of education election is held (11D-7)	schools until July 1 following the date school board election is held. (11E-70(a))
Authority of new districts	N/A – no new district is formed in any option under Article 7	1. Establish tax levy; 2. Enter into agreements with banks and deposit funds; 3. Search and contract for superintendent; 4. Engage professionals; 5. Plan for transition; 6. Bargain collectively; 7. Expend funds to meet expenses of existing districts; 8. Expend funds in exercise of other powers; 9. Issue bonds. (7A-8)	1. Establish tax levy; 2. Enter into agreements with banks and deposit funds; 3. Search and contract for superintendent; 4. Engage professionals; 5. Plan for transition; 6. Bargain collectively; 7. Expend funds to meet expenses of existing districts; 8. Expend funds in exercise of other powers; 9. Issue bonds. (11A-10)	1. Establish tax levy; 2. Enter into agreements with banks and deposit funds; 3. Search and contract for superintendent; 4. Engage professionals; 5. Plan for transition; 6. Bargain collectively; 7. Expend funds to meet expenses of existing districts; 8. Expend funds in exercise of other powers; (11B-9) Note: 11B does not give the new board	1. Establish tax levy; 2. Enter into agreements with banks and deposit funds; 3. Search and contract for superintendent; 4. Engage professionals; 5. Plan for transition; 6. Bargain collectively; 7. Expend funds to meet expenses of existing districts; 8. Expend funds in exercise of other powers; 9. Issue bonds. (11D-7)	1. Establish tax levy; 2. Enter into agreements with banks and deposit funds; 3. Search and contract for superintendent; 4. Search and contract for other administrators and staff; 5. Engage professionals; 6. Plan for transition; 7. Bargain collectively; 8. Expend funds to meet expenses of existing districts or in exercise of other powers;

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
				the power to issue bonds prior to new district taking effect		9. Issue bonds. (11E-70(c))
Teachers in contractual continued service	Provisions of Section 2412 apply (7-2a(b))	Provisions of Section 24-12 apply; For unit district: 1. positions of teachers in contractual continued service that were in grades 9-12 last 5 years are transferred to annexing high school district 2. positions of teachers in contractual continued services that were in grades K-8 last 5 years are transferred to new elementary district 3. positions of teachers in contractual continued service that don't fall within #1 or #2 are	Provisions of Section 24-12 apply (11A-10)	Provisions of Section 24-12 apply (11B-9)	Provisions of Section 24-12 apply; Teachers having tenure with the districts at the time of their dissolution shall be transferred: 1. to new high school district if employed full time in grades 9-12 for preceding 5 years; 2. to newly created successor elementary district if employed full time in grades K-8 for preceding 5 years; 3. full time teacher not falling within #1 or #2 transferred based on request of teacher to new high school district or newly created	Provisions of Section 24-12 apply. (No changes to existing law) (11E-110)



	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
		transferred based on the request of teacher (7A-12)			successor elementary district (11D-10)	
Limitations on contesting boundary change	Within 2 years after the order annexing the territory is final or within 2 years after the date of the election if no proceedings to contest election are duly instituted or within 2 years after the final disposition of any proceedings which may be so instituted to contest such election (7-29)	Within one year after the order providing for action is final or within one year after the date of the election if no proceedings to contest election are duly instituted or within one year after the final disposition of any proceedings which may be so instituted to contest such election (7A13)	Within one year after the order providing for action is final or within one year after the date of the election if no proceedings to contest election are duly instituted or within one year after the final disposition of any proceedings which may be so instituted to contest such election (11A14)	Within one year after the order providing for action is final or within one year after the date of the election if no proceedings to contest election are duly instituted or within one year after the final disposition of any proceedings which may be so instituted to contest such election (11B12)	Not specifically mentioned within Article 11D	No changes to existing law (11E115)
Limitation on successive petitions	May not come back with petition within 2 years of final determination of first proceedings unless during those 2 years a petition is filed that is substantially different, a school district involved is placed on academic watch or financial watch by ISBE, or is certified as	May not come back with petition within 2 years of final determination of first proceedings unless during those 2 years a petition is filed that is substantially different, a school district involved is	May not come back with petition within 2 years of final determination of first proceedings unless during those 2 years a petition is filed that is substantially different, a school district involved is	May not come back with petition within 2 years of final determination of first proceedings unless during those 2 years a petition is filed that is substantially different, a school district involved is	May not come back with petition within 2 years of final determination of first proceedings unless during those 2 years a petition is filed that is substantially different, a school district involved is	No changes to existing law (11E120)

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	being in financial difficulty, or if first proceeding involved a petition brought under 72b (Annexation of non-coterminous territory from an elementary or high school district) (7-8)	placed on academic watch or financial watch by ISBE, or is certified as being in financial difficulty (7A-15)	placed on academic watch or financial watch by ISBE, or is certified as being in financial difficulty (11A-17)	placed on academic watch or financial watch by ISBE, or is certified as being in financial difficulty (11B-14)	placed on academic watch or financial watch by ISBE, or is certified as being in financial difficulty (11D-12)	
Provisions related to nonrecognition	Provision not included within Article 7	Provision not included within Article 7A	Any school district included in a petition under Article 11A shall not suffer the loss of State aid as a result of being placed on a nonrecognized status if the district continues to operate and the petition is granted (11A-16)	Any school district included in a petition under Article 11B shall not suffer loss of State aid as a result of being placed on nonrecognition status if the district continues to operate and the petition is granted (11B-13)	Provision not included within Article 11D	No district included in a petition for reorganization suffers loss of State aid due to nonrecognition if the district continues to operate and petition is granted (11E-125)
General State Aid Difference Incentive	Detachment/Annexation not eligible for GSA Incentive; in Dissolution/Annexation, annexing district(s) eligible for GSA Incentive (18-8.05(I))	Annexing high school district eligible for GSA Incentive (188.05(I))	Newly formed district eligible for GSA Incentive (188.05(I))	Newly formed district eligible for GSA Incentive (188.05(I))	Newly formed high school district and newly formed successor elementary district(s) eligible for GSA Incentive (11D-11(3))	No changes to existing law for most districts eligible for GSA Difference Incentive under 188.05(I); adds partial elementary unit district and new

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
						elementary district(s) formed from high school-unit conversion (originally 7A Conversion) to list of districts eligible for GSA Difference Incentive; unit to dual conversion (originally 11D Conversion) eligible for 4 years of incentive instead of 3 years (11E135(a))
Salary Difference Incentive	Detachment/Annexation not eligible for Salary Difference Incentive; in Dissolution/Annexation, annexing district(s) eligible for Salary Difference Incentive (188.2)	Annexing high school district eligible for Salary Difference Incentive (18-8.2)	Newly formed district eligible for Salary Difference Incentive (18-8.2)	Newly formed district eligible for Salary Difference Incentive (18-8.2)	Newly formed high school district eligible for Salary Difference Incentive (11D11(4))	No changes to existing law for most districts eligible for Salary Difference Incentive under 188.2; adds partial elementary unit district to list of districts eligible for GSA Difference Incentive; unit to dual conversion (originally 11D

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
						Conversion) eligible for 4 years of incentive instead of 3 years (11E135(b))
Deficit Fund Balance Incentive	Detachment/Annexation not eligible for Deficit FB Incentive; in Dissolution/Annexation, annexing district(s) eligible for Deficit FB Incentive (18-8.3)	Annexing high school district eligible for Deficit FB Incentive (188.3)	Newly formed district eligible for Deficit FB Incentive (18-8.3)	Newly formed district eligible for Deficit FB Incentive (18-8.3)	Newly formed high school district and newly formed successor elementary district(s) eligible for Deficit FB Incentive; petition must include the manner in which Deficit FB Incentive allocated among new districts (11D-11(1) and 11D-2)	No changes to existing law for most districts eligible for Deficit FB Incentive under 18-8.3; adds partial elementary unit district to list of districts eligible for Deficit FB Incentive (11E135(c))
Full-time certified staff incentive	Detachment/Annexation not eligible for \$4,000/Certified Staff Incentive; in Dissolution/Annexation, annexing district(s) eligible for \$4,000/Certified Staff Incentive if receive at least 30% of the dissolved district	Annexing high school district and newly formed elementary district eligible for \$4,000/Certified Staff Incentive (188.5)	Newly formed district eligible for \$4,000/Certified Staff Incentive (188.5)	Newly formed district eligible for \$4,000/Certified Staff Incentive (188.5)	Newly formed high school district and newly formed successor elementary district(s) eligible for \$4,000/Certified Staff Incentive (11D-11(2))	No changes to existing law for districts eligible for \$4,000/Certified Staff Incentive under 18-8.5; adds partial elementary unit district to list of districts eligible for \$4,000/Certified

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
	Average Daily Attendance (18-8.5)					Staff Incentive (11E-135(d))
Impact of reorganization on tax rates	In Detachment/Annexation or Dissolution/Annexation, the territory being detached or the district dissolved will be taxed at the rate of the annexing district after the annexation	Newly formed elementary district may levy taxes at rates for elementary districts in accordance with limitations of 17-2 through 17-7; taxpayers in the original unit district will be taxed at the annexing high school's rates for 912 purposes; Ed, O&M, Transportation, Fire Prevention & Safety rates must be stated in petition for new elementary district and annexing high school district (7A2 and 7A-7)	Newly formed district may levy taxes at rates for unit districts in accordance with limitations of 17-2 through 17-7; Ed, O&M, Transportation, Fire Prevention & Safety rates must be stated in petition for new district (11A-3 and 11A-9)	Newly formed district may levy taxes at rates for elementary districts or high school districts (depending on type of district formed) in accordance with limitations of 17-2 through 17-7; Ed, O&M, Transportation, Fire Prevention & Safety rates must be stated in petition for new district (11B-3 and 11B-8)	Newly formed high school district and newly formed successor elementary district(s) may levy taxes at rates for respective type of district in accordance with limitations of 17-2 through 17-7; Ed, O&M, Transportation, Fire Prevention & Safety rates must be stated in petition for each new district (11D-2 and 11D-13)	Allows partial elementary unit district (combined high school-unit district and optional elementary unit district) to levy the following: for K-8 educational purposes at a rate not to exceed 3.5% and for 9-12 educational purposes at a rate not to exceed 3.5%, with the combined rate for K-8 and 912 educational purposes not to exceed 4.0%; for K-8 O&M purposes at a rate not to exceed 0.55% and for 9-12 O&M purposes at a rate not to exceed 0.55%, with the combined rate for

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
						<p>K-8 and 9-12 O&amp;M purposes not to exceed 0.75%; for K-8 sped purposes at a rate not to exceed 0.40% and for 9-12 sped purposes at a rate not to exceed 0.40%; for other taxes at rates not to exceed those established for unit districts. For partial elementary unit district (combined high school-unit district and optional elementary unit district), tax increases for 9-12 purposes must be approved by a majority of voters in the area served by the partial elementary unit district for 9-12</p>

	<b>Detachment/Annexation and Dissolution/Annexation (Article 7) (Not incorporated into Article 11E)</b>	<b>Small Unit District Conversions (Article 7A)</b>	<b>Unit School District Formation (Article 11A)</b>	<b>School District Combination (Article 11B)</b>	<b>School District Conversion (Article 11D)</b>	<b>Conversion and Formation of School Districts (Article 11E)</b>
						<p>purposes only and by a majority of voters in the area served by the partial elementary unit district for both K-8 and 9-12 purposes, and tax increases for K-8 purposes must be approved by a majority of voters in the area served by the partial elementary unit district for both K8 and 9-12 purposes. (11E-90 and 11E95)</p>

## **School District Organization in Illinois (An ISBE Study Paper)**

### **Perspective on School District Organization in Illinois, Past and Present**

The organization of school districts has been a matter of discussion in the United States dating back to the early 1800's. This interest in the organization of public schools has continued to the present. While the factors considered important to studies of the organization of school districts have varied during these years, the discussion continues and invariably includes such major unsolved issues as:

1. What is the optimum school district size for providing a sufficiently broad range of educational opportunities?
2. What is the optimum school district size for providing an adequate tax base to develop and maintain an efficient and economical system for delivery of educational programs?
3. How can you develop the community interest, support and leadership necessary to maintain educational programs?
4. How can the above questions be answered, given the disparities among rural, suburban and urban communities?

Researchers have studied school district organizations and have developed various objectives for reorganization. Among these researchers, there is a general consensus that the goals of organization should include, at the minimum, the following:

- To produce improvement in the quality of the educational program.
- To extend the scope of programs to meet individual student needs within an ever-changing society.
- To complement the development of the most efficient and equitable system of financing public education.

While questions of optimum size, structure and procedures for school district organization are not resolved in a final sense, the historical trend in Illinois and the nation in terms of the number and size of school districts is clear - the number is diminishing; districts are larger in area; and they serve more children.



## **Types of Organization/Reorganization**

Reorganization may take one of various forms. Internal organization involves the assignment of students within a district, e.g., K-3, 4-8, 9-12; K-6, 7-9, 10-12; etc.

Horizontal reorganization is the combining of two or more elementary districts, two or more high school districts, or two or more unit districts. Vertical reorganization is the combining of one or more elementary districts with one or more high school districts to form a K-12 district with coterminous boundaries. Statutes provide for reorganization through detachment, annexation, division, dissolution or consolidation or any combination of these procedures.

## **Advantages and Disadvantages of Reorganization**

During past studies of various types of school district reorganization, some advantages and disadvantages have been identified, including the following.

### **Advantages**

1. Larger tax base--more flexibility in budgetary process.
2. Potential follow--through on student progress and achievement.
3. Economies of scale in purchasing, staffing, construction, operations, transportation, etc.
4. Flexibility in staffing patterns.
5. Potential for more efficient use of school buildings.
6. Reduced competition for educational dollars between the elementary and secondary structure.
7. Potential consolidation of legal and accounting procedures.
8. More equitable distribution of wealth factors as less wealthy districts consolidate with wealthier districts.
9. Potential opportunity for improved articulation of curricular programs if consolidated into a K through 12 district.
10. Additional students in a district provide opportunities for increased extracurricular activities and may increase efficiency in meeting the special needs of students.

## Disadvantages

1. Potential loss of General State Aid dollars due to General State Aid formula restrictions. Note: General State Aid no longer exists and has been replaced with Evidence Based Funding amounts.
2. Less access to some non-referendum tax rates.
3. Student achievement data (usually expressed in averages) may drop after reorganization due to broadening of the test base.
4. Loss of "community identity" where this has been centered in the local schools.
5. Concern for loss of informality of smaller districts (where immediate contact with administrators and boards of education is available).

These advantages and disadvantages should not be construed as applicable to every situation, but rather as general comments regarding reorganization.

## **Review of Research and General Conclusions Related to School District Size and District Organizational Patterns**

Much of the recent discussion of school district organization concerns the educational and economic performance of school districts as they relate to size. There have also been attempts to identify optimal school and/or district size figures. These studies, however, have too frequently focused upon one consequence to the exclusion of others. Numerous factors, e.g., enrollment, geography, transportation, assessed valuation, etc., are interrelated and play a role in determining optimal size.

### **Costs and Enrollments in Relation to Size**

A number of researchers have discovered a "U-shaped" relationship between per pupil costs and school district size, typically measured as enrollment. Per pupil costs are higher for the very large and very small districts than for the mid-sized districts. For example, Sabulao and Hickrod, in 1971, found that the lowest expenditure per child occurred at about 700 students for elementary and secondary districts in Illinois, and about 5,000 for unit districts. Districts above and below these enrollments experienced costs as high as \$300 per child over the average per pupil cost at these enrollments. Sabulao and Hickrod also discovered the same relationship for administrative costs per pupil, although the differences are less pronounced. At least five other empirical research studies confirm the existence of a "U"-shaped curve relationship between per pupil costs and enrollment.

### Table of Findings

Study	Finding
1. Riew (1966)	U-shaped average cost curve with minimum costs at 1,675 high school pupils.
2. Cohn (1968)	U-shaped average cost curve with minimum costs at 1,675 high school pupils.
3. Katzman (1971)	U-shaped average cost curve with minimum costs between 1,400 and 1,800 high school pupils.
4. Johnson (1972)	U-shaped average cost curve with minimum costs at 1,426 high school pupils.
5. Hind (1977)	U-shaped average cost curve with minimum costs at 600 elementary pupils.

From these studies, whether administrative costs follow similar patterns is uncertain. Some studies have shown lower administrative costs with higher enrollments, while others find no administrative cost savings above certain enrollments.

The evidence of a nonlinear relationship between costs and enrollments has led Cohn to observe that, "it follows that schools are either too large or too small, resulting in considerable waste of resources to society." However, determining the optimal size has proved difficult. In part, this is because "school costs are influenced by forces, e.g., labor market conditions, regional geography, client tastes, and educational fads." A second problem is that building costs and transportation costs are seldom considered. Transportation is of particular concern when districts are geographically dispersed.

As an example, where a proposed unit district covers a significant number of square miles and the proposed new district may result in a reduction in the number of

schools in order to provide upgraded programs and a more efficient operation, increased transportation costs may outweigh, the proposed advantages.

The above discussion demonstrates that both per pupil expenditures and administrative costs differ, based on school size. Both extremely small and large schools spend more per pupil than schools in the middle of size distribution. This finding leads to the next question: What is an optimal school size?

### **Optimal School Size**

Researchers have tried to identify the most cost-effective size for a school and/or school district. Some have used attendance centers rather than districts as their unit of analysis. But quite frequently, the district size is the school size. Also, states differ widely in their types of school district organization and average school enrollments. While an attempt has been made to identify these differing factors, it should be recognized that the findings may not always be applicable to Illinois school districts.

Fox (1981) reviewed more than 30 studies on size economies in education. Citing consistency in the results of the studies reviewed, Fox claims optimal economies for elementary education in the range of 300 to 600 pupils per school and for secondary education in the range of 1,400 to 1,800 pupils per school. Findings for school districts are less consistent in the studies because the common unit of analysis was school, rather than district. Although Fox's review indicates economies at certain pupil enrollments for both per pupil costs and administrative costs, he raises an important qualification. That qualification is "the impact of school size on the quality of education." Citing James and Levin, whose review of the literature found no relationship or a negative one between school size and educational outcomes, Fox expresses his

concern. “The relevant question for analysis is whether quality declines in larger schools when per pupil resources are held constant.”

### **Instructional and Participation Outcomes and School Size**

Researchers have seldom addressed the question of the relationship between school size and school outcomes. Rather, school size was either one of many school conditions included by researchers in the quest for variables affecting learning outcomes, or school size was considered as a cause of such problems as student alienation, dropouts, and suspensions.

A recent study on student achievement in Illinois indicates slightly different results than those cited above. The categories used were small (below 500 students), medium (500 to 1,499 students), and large (1,500 or more students). On mathematics sections of the IIEP (Illinois Inventory of Educational Progress) test, fourth graders from small schools scored the highest; while for the eighth and eleventh grades, the highest scores came from medium-sized schools. Science and reading results followed a somewhat similar pattern. The strongest performances for fourth and eighth grades were found in small schools, and the high eleventh grade achievement was found for medium-sized schools. It should be noted that the size categories were developed in 1975 and may need to be revised as a reporting variable. Therefore, no cause and effect relations were determined.

The evidence presented by researchers on the effects of school size on achievement is generally small, non-significant, and contradictory. *In short, school size appears to be neither significantly detrimental nor significantly advantageous to pupil achievement.*

Some research has suggested that a K-12 organizational pattern provides for a better continuity of transition between elementary school and high school. Curriculum articulation, smooth pupil tracking, testing programs, and other continuing programs are indicative of this type of continuity. A Boston College study found that, from a financial viewpoint, a K-12 organizational structure was the most efficient. The researchers further indicated that K-6 or K-8 districts were the least efficient.

In Illinois, the organizational pattern is further complicated, particularly in urban areas, where non-coterminous district boundaries result in students from one elementary district being sent to two different high school districts, or one high school receiving students from several elementary districts.

As an organizational design, a K-12 district offers a better opportunity for pupil and cost efficiencies. For dual districts to go to a K-12 pattern, however, results in an immediate shortfall in access to non-referendum generated tax rates. For example, two districts covering the same tax base may levy without referendum a total of \$.10 per EAV for health/life safety purposes, but if reorganized as a K-12 district may only levy \$.05 for this purpose. Similarly this holds for taxing for transportation (\$.20 vs. \$.24): working cash (\$.05 vs. \$.10), and lease levy (\$.05 vs. \$.10).

School districts, as other governmental units, must compete for tax resources. The more numerous the taxing bodies, the more difficult it becomes for each individual taxing body to obtain the resources that it considers necessary. By reducing the number of school districts covering the same geographic area and tax base, competition for limited resources is reduced.

## **General Conclusions From Research**

In 1982 the Illinois State Board of Education adopted the topic of school district organization/consolidation as a policy study. In addition, the Illinois State Senate Education Committee has requested that the Illinois State Board of Education review the status of school district organization in the State of Illinois.

The analyses of research and other data elements considered in this paper were guided by the concern that responses are provided to the following seven questions. The questions are not mutually exclusive. They must be addressed, and then examined, knowing that they are interrelated.

1. *Are there economies of scale? If so, what are they? Are there points of diminishing returns?*

The greatest impact of size appears to be on costs, usually specified as per pupil expenditure. Research indicates that both small and large schools or districts incur higher per pupil expenditures than schools in the middle of the range. Therefore, it is possible to determine an enrollment level that may be more economical than another.

2. *Are there efficiencies of scale? Does a broader student base affect program offerings?*

Research findings indicate that the breadth and scope of curricular offerings are greater when enrollment is increased above a threshold level of enrollment. Analyses of 4-year high schools suggest that, in general, for schools of less than 2,000 enrollments, a 30 to 40% increase in curricular offerings may result when the enrollment is doubled until reaching 2,000. This finding however, does not apply equally to all academic subjects. Factors such as urban, suburban, and rural composition play an important role in determining the breadth and scope of curriculum.



Additional findings indicate a greater student participation in nonacademic and extracurricular areas in smaller districts. However, these findings are not correlated with the broader range of activities that may be offered in larger districts.

The conclusion is that a broader student base provides the opportunity for increased efficiencies in program offerings.

3. *Are there inequities or disincentives in Illinois, which relate to any one organizational pattern? Elementary districts? Secondary districts? Unit districts?*

A review of the Statutes pertaining to tax levies for different types of districts clearly shows that elementary and secondary districts seeking to consolidate as a unit district in Illinois will have less access to tax levies in the lease levy fund; transportation fund; working cash fund and the health/life safety fund. The conclusion is that there are inequities and/or disincentives that can be identified regarding organizational patterns.

4. *Are there organizational patterns, which, by design, provide a better chance for curriculum articulation or services to pupils? (K-4, 5-8, 9-12), (K-12). etc.?*

Research in this area is rather limited; however, it suggests that a K-12 pattern may provide a better continuity of transition between elementary and high school. Curriculum articulation, smooth pupil tracking, and testing programs are examples of this continuity. The research supports a K-12 organizational pattern.

5. *Do problems exist in educational priority setting or in access to resources when more than one educational district covers the same geographic area (e.g., elementary, secondary community college, regional special districts)?*

Research regarding this question is also limited. Observation by numerous educational administrators in Illinois appears to indicate that the more districts serving the same community, the greater the competition is for tax resources, e.g., adopting a referendum resolution prior to competing districts or a secondary district's policy dominating the underlying elementary district(s). However, as the number of school

districts decrease, there is less competition with other governmental units for tax monies. The conclusion is that tax resources should be available on an equitable basis to all educational entities.

6. *Are there program or student achievement gains in any district type or size that may supersede economies or efficiencies of scale?*

Numerous research studies have been undertaken regarding this question. The answers appear to be inconclusive- school size appears to be neither significantly detrimental nor significantly advantageous to pupil achievement. Therefore, economies of scale carry a greater weight in determining optimal school or district size.

## **The Relationship Between School Size and Achievement in Downstate High Schools**

A readily accepted premise is that because of the inability of small high schools to offer expanded curricula achievement levels of students attending small schools will not be on par with students attending larger schools. In a rigorous sense, in order to determine if that is a true statement there must be agreement on certain questions. One such question would be "What constitutes a small school?" Another would be "What constitutes high achievement?"

A second premise is that students in small high schools do not have access to the same level of courses as students in larger schools. The number of course offerings, and especially advanced classes are limited. One question that naturally arises is "How many advanced course offerings are necessary?"

This report presents data regarding the relationship between school size and student achievement and school size and number of course offerings in Illinois high schools outside the city of Chicago. No attempt is made to answer the above stated questions. Rather, the size data are categorized with mean achievement data presented within category. It is up to the reader to discern if school size does make a difference in student achievement.

Table I presents the number of high schools by category of enrollment. Data are for the 2010-11 to 2012-13 school years.

Table I  
Number of Downstate High Schools  
By Category of Enrollment

<u>Enrollment Category</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Less than 100	21	26	27
100-200	101	102	99
200-300	74	66	67
300-400	52	57	61
400-500	37	36	35
500-1,000	81	81	80
1,000-2,000	106	106	105
2,000-3,000	72	69	70
More than 3,000	17	23	18
Total	561	566	
562			

Table II  
High School Mean Composite PSAE and ACT Scores

<u>Enrollment Category</u>	<u>2010-2011</u>		<u>2011-2012</u>		<u>2012-2013</u>	
	<u>PSAE</u>	<u>ACT</u>	<u>PSAE</u>	<u>ACT</u>	<u>PSAE</u>	<u>ACT</u>
Less than 100	36.9	19	40.2	18.5	39.8	18.1
100-200	47.3	19.7	48.7	19.9	49.6	19.2
200-300	50.8	20	51.6	20.3	54.9	19.6
300-400	53.3	20.2	52	20.3	52.8	19.8
400-500	53.8	20.4	54.5	20.7	56.8	19.8
500-1,000	52.9	20.6	53.6	20.5	54.7	20.1
1,000-2,000	50.2	20.5	49.2	20.3	51.1	19.9
2,000-3,000	57.9	21.6	60.1	21.8	62.4	21.6
More than 3,000	59.1	22	58.6	22	59.4	21.6

Table III  
High School Grade 11 Mean Composite Reading & Math PSAE Scores

<u>Enrollment Category</u>	<u>2010-2011</u>		<u>2011-2012</u>		<u>2012-2013</u>	
	<u>Reading</u>	<u>Math</u>	<u>Reading</u>	<u>Math</u>	<u>Reading</u>	<u>Math</u>
Less than 100	41.7	34.3	43.8	35.6	44.5	35.2
100-200	49.7	46.9	49.2	48.3	51.9	47.3
200-300	51.9	51.4	52.9	49.5	57.3	52.4
300-400	54.7	52.7	53.5	49.9	55.9	49.7
400-500	56	52.8	54.4	54.1	59	54.5
500-1,000	53.6	52.8	54.1	51.7	57.2	52.3
1,000-2,000	50.6	50.8	48.7	49	53	49.1
2,000-3,000	72	59.1	58.2	61.3	62.9	62
More than 3,000	58.8	60.3	57.2	59.5	60.6	58.2

## **Unit Districts Formed From Dual Systems (An ISBE Document)**

### **The Case to Prefer Unit Districts**

While the State Board of Education school district reorganization policy emphasizes the creation of higher-enrollment high schools from districts with high schools with below-average enrollments, the State Board has also stated that the unit district should be the preferred organization pattern in Illinois.

There have been cases of the formation of unit districts from a dual system of a coterminous high school district and elementary district and from a contiguous unit district. These reorganizations had the effect of creating larger high schools. However, there have been seven unit districts formed from dual districts that did not create a larger enrollment high school. Each of these cases involved a single high school district with one building; in three cases the high school district contained two underlying elementary districts and in four cases only one. Most of the high schools are under 200 in enrollment.

Looking at all eleven of the unit formations from duals, one notes that with the exception of the North Chicago case, and these reorganizations occurred downstate outside of densely populated areas.

Cases for the unit district's being the preferred organization pattern were made in State Board of Education reports, one in 1982 and the other in 1985. According to these reports, the unit district provides a better structural arrangement than the dual district for cooperation and coordination in curriculum, student assessment and student services from kindergarten through twelfth grade. It allows greater flexibility in deployment of staff and in course offerings, particularly within the seventh to tenth grade

levels. Moving to a unit system provides the potential for greater efficiencies in the use of school buildings, administrative and support personnel, legal services, purchasing, and other areas.

Varying degrees of organizational complexity are created by the dual system. These eleven reorganizations were all at the simple end of the simplicity-complexity continuum. After all, there are 108 high school districts and 400 elementary districts in the State, which means the typical high school district has four underlying elementary districts. There have been no cases of a unit formed from a dual of three, or more elementary districts. The most complex dual systems involve six to ten elementary districts feeding into one multi-building high school district with one or more of the elementary districts overlapping into other high school districts.

The more complex, the greater the difficulty and the lesser the likelihood of effective coordination of curriculum and student services. Thus, some degree of educational efficiency or effectiveness is lost by not having unit districts. At least that is a conclusion of logic, common sense and experience. However, it may be methodologically difficult if not impossible to conduct empirical studies measuring degrees of effective "articulation" between the elementary and secondary level in units..

Table H

Units Formed From Duals – No Larger High School Formed (Article 11A)  
1993-1994 High School

<b>Effective Year</b>	<b>County</b>	<b>Merged Districts</b>	<b>Enrollment of Reorganized District</b>
FY 11	Marion	Odin CHSD, Odin SD	320
FY 07	Franklin	Thompsonville CHSD, Thompsonville SD	310
FY 99	Franklin	Christopher CHSD, Christopher SD	835
FY 98	Shelby	Cowden-Herrick CHSD, Cowden-Herrick CCSD	414
FY 97	Fulton	St. David Elem., Lewistown Elem. Pritchard Clark Elem., Lewistown HS	925
FY 95	Bureau	Manlius Unit, Western Unit, Wyanet Elem., Wyanet HS, Walnut Elem., Walnut HS	1,100
FY 94	LaSalle/Marshall Woodford/Putnam	Lostant High School and Elementary Districts Formed Lostant Unit *	1,284/941 362/290
FY 90	Lake	North Chicago High School and Elementary Districts formed North Chicago Unit	843
	Marshall/Putnam	Henry-Senachwine High School District and its two underlying Elementary Districts formed Henry-Senachwine Unit	219
FY 89	Calhoun	Brussels High School and Elementary Districts formed Brussels Unit	70
FY 88	Massac	Joppa High School and Maple Grove Elementary Districts formed Joppa Maple Grove Unit	99
	Johnson	Goreville High School and Elementary Districts formed Goreville Unit	136



FY 85	Christian	South Fork High School and its two underlying elementary districts formed South Fork Unit	125
-------	-----------	---	-----

**\*Simultaneous with voter approval of unit district formation, the voters also approved high school deactivation to four neighboring districts, which range in high school enrollment from 290 to 1,284.**

## **Inequities, Inefficiencies and Costs Associated with the Dual System**

One obvious consequence of the dual system involving two or more elementary districts is the tendency for a notable variation among the elementary districts in enrollment, tax rates, percent of spending from state sources and per-pupil wealth. The formation of a unit district along the boundaries of the high school district would have the effect of creating equity of tax rates and per-pupil spending. A unit district provides the structure for rational distribution of resources where they are needed. Dual systems lack the capacity to prioritize and properly allocate total resources because of the segregation of local revenue. Thus, pupils who graduate from certain elementary districts may be at a disadvantage in the high school in comparison with other graduates of elementary districts within the same high school district. For example, a poorer elementary district may be unable to pass tax rate increase referenda and has to cut programs while a neighboring richer elementary district continues to have adequate revenue to maintain and enhance programs.

Not only does the dual system contribute to the inequities of the Illinois school system, but also to its costs. Based on research conducted in 1992, the dual system in the six-county Chicago suburban area in contrast to the unit system in the area is characterized by higher salary levels for high school *teachers* in high school districts than high school teachers in unit districts; by a somewhat higher proportion of total expenditures for "general administration;" and generally speaking, by higher educational and operational tax rates.

Reorganization feasibility studies conducted by the former ISBE School Organization and Facilities Section for dual systems clearly demonstrate that the

formation of unit districts in these cases would allow certain efficiencies in the use of resources. Almost all of the smaller enrollment elementary districts in these studies and a few of the larger elementary districts have low pupil-teacher ratios. The teacher data in these studies are confirmed by state-level data, which show that at both the elementary and secondary levels, pupil-teacher ratios in small enrollment districts are well below state-wide averages of about 19 to 1. Consolidating or annexing such districts provides the opportunity for savings in personnel costs through a reduction in force and a more efficient and flexible deployment of teachers.

These studies conducted for downstate dual systems compared the dual system with 10 unit districts in the same general part of the state that had enrollments about the same as the elementary districts and the high school district combined. The average of the tax rates and of the number of teachers were notably lower in each set of 10 unit districts than in each dual system under study. However, forming a unit district would usually incur the additional cost of bringing up the salaries of the teachers in the former elementary districts to the level of salaries that prevailed in the high school district.

### **Impediments to Forming Units from Duals**

Former ISBE School Organization and Facilities Section studies for dual systems contemplating reorganization and the reactions to them have further clarified the impediments to unit district formation from a high school district and its underlying elementary districts in all but the organizationally non-complex sparsely populated areas of the State. They include the usual general reasons for school boards and staff, parents and other district residents to prefer the status quo: the widely held preference to protect local identity and the existing geographic scope of local control and to defend

existing facilities, programs and boundaries. The following are some specifics to maintain existing dual systems:

1. The fact that the law requires a majority of "yes" votes in each affected district in the referendum on the unit district formation proposition, rather than a majority overall. Thus, the smallest elementary district can veto the whole proposal by voting "no". This impediment has been altered with the passage of SB2795 in 2006 which allows a unit district to be formed from a high school district and any one or more of its elementary feeder districts.
2. Resistance to the loss of a board and superintendent oriented solely to elementary or high school level programs.
3. The cost of bringing up the salaries of elementary teachers to the level of the high school teachers. A \$10,000 or more difference is not uncommon between the average salary for teachers in the high school district and the average salary for teachers in the elementary districts. The cost of bringing up the elementary salaries to the high school level is paid by the State for a four-year period under the State's program of incentive payments to reorganized districts, but thereafter is strictly a district expense. This cost of raising elementary teacher salaries -- which in the larger dual systems would exceed \$1,000,000 a year--could cancel out savings potentially realizable by more efficient facility and staff utilization when a unit district replaces a dual system.
4. The overlap of an elementary district or districts within the high school district into one or more neighboring high school districts. Forming a unit district in such circumstances necessitates the making of boundary adjustments that generally engender opposition from any district proposed to lose territory and in any event, adds to the complexity of the reorganization process.
5. The fiscal and socioeconomic diversity among the elementary districts within the high school district. For example, residents of elementary districts with a high equalized assessed valuation per pupil and a below average tax rate are likely to oppose merging their resources and seeing their tax rates go up.
6. The high expense to the State for reorganization incentive payments to a unit district formed from a high enrollment dual system.
  - a) The potentially high cost of the teacher salary difference payment has already been cited.
  - b) A unit district formed from a dual will lead to either- a net gain or loss in General State Aid. Note: General State Aid has been replaced in 2017-18 by Evidence Based Funding. Losses could be in the hundreds of thousands of

dollars. Any loss is paid for four years under another State payment program to reorganized districts. A loss in general state aid, like the increased salary costs, would have to be borne by the unit district after the four years of State payments are over.

- c) Another State payment to reorganized districts designed to encourage reorganization is the deficit difference payment. Several recent proposed reorganizations in Chicago suburbia would have generated multi-million dollar payments, not because the districts involved were financially unhealthy, but because they were in counties with early tax distribution and such distributions are not included in the June 30th fund balances used to determine whether there is a payment under this program. Thus, the formula in the law created a deficit.
  
- d) The fourth incentive payment authorized for newly formed unit districts is the \$4,000 payment for each of three years for each full-time certified staff member in the new district. Two hundred and fifty such members in a suburban system is not a high number, yet such a count could generate a \$3,000.000 payment by the State over three years.

## **Reorganization Considerations and Options**

In reviewing the reorganization options, each individual situation has to be looked at in terms of factors unique to that situation. The goals of a school district reorganization should include, at minimum, the following:

Goal #1: To produce improvement in the quality of the educational system.

Goal #2: To extend the scope of programs to meet individual student needs within an ever-changing society.

Goal #3: To develop an efficient and equitable system of financing public education.

Currently, the State of Illinois allows for school district reorganization to take place through the implementation of a number of processes. Each of these has its own set of regulations and is designed to accommodate the different circumstances found throughout Illinois. The following is a discussion of the feasibility, and probable effect, of those, which "fit" reorganization considerations if employed by the districts involved in this study.

### **Community Unit District Formation – Article 11E**

This method of reorganization can create a new unit district from two or more existing unit districts and/or dual district territory. Districts utilizing this type of consolidation will have their present boards dissolved and a new Board of Education will be elected "at large" in the next election or in the same election as the reorganization proposition is submitted.

The process begins with a petition to the Regional Superintendent of Schools either by the respective Board of Education or the voters. The voter's petition must be signed by at least 50 voters or 10% of the voters, whichever is lesser from each of districts wholly or partially included in the proposal. The Regional Superintendent is

required to publish notice of the petition for three consecutive weeks in a local newspaper. A description of the proposed district must be included. A Committee of Ten citizens is formed as an advisory and planning group in the formation of the new district. This Committee of Ten may be in part made up of Board of Education members from the affected districts as well as citizens living within the newly planned district. A hearing is held by the Regional Superintendent to gain input from all parties pro or con on the reorganization issue. After the hearing, the Regional Superintendent must approve or deny the petition within 14 days of the conclusion of the hearing. If the Regional Superintendent approves the petition, the State Superintendent of Schools reviews the petition and also approves or denies it within a similar timeframe.

If the State Superintendent approves the petition, an election is held at the next regularly scheduled election date. *For approval at the election, a majority of voters in each "affected district" is required for passage of the referendum.* Recent legislation has allowed the election of school board members for a newly reorganized district may be held at the same time as the reorganization issue is voted upon. This would normally be held in the April election date but may be held in the fall election date of alternate years.. Bonds may also be approved at this election if it is determined to be necessary by the Committee of Ten.

*A further consideration in the formation of a new unit district using this method is that the bonded indebtedness of any previously existing district "stays with the district (territory within a new district) that incurred the debt."* In other words, whatever bonded indebtedness was present before reorganization will be assessed on those voters only until that bond issue(s) are paid for completely. In 1994, legislation was passed that the

election petition may also request that bonded indebtedness of each existing district could be assumed by the entire territory of the new unit district.

The possibilities for school district reorganization utilizing Article 11E include the following

1. The petition requirements are normally made by the school boards of the districts contemplating reorganization. However, in the case of the districts included in this study, it is possible that the voter's petition of 200 signatures with requirements of 50 from each affected district or 10%, whichever is lesser from each of the districts, would have to be the method to bring an 11E reorganization proposition to the voters.
2. Some other pertinent factors in school district reorganization include bonded indebtedness of the newly reorganized district. In the case of an 11E reorganization, the bonded indebtedness of each district will stay with the previous district that incurred the debt. In other words, any bonded debt that each individual district had before reorganization will be paid by only the citizens of the original district.
3. Teachers and ESP personnel in the districts will have their tenure/seniority merged into a single seniority list respectively in the newly reorganized district.
4. Multi-year agreements made by the previous districts except collectively bargained multi-year agreements with certified and non-certified employee groups must be honored with the newly reorganized district. These agreements may include transportation, cafeteria, and individual administrative multi-year agreements.
5. As the old boards of education are dissolved after a successful reorganization vote, so are the teachers' unions of the previous districts. Normally they merge to form a new union and collective bargaining will commence after the new board of education is formed.
6. Formation of a unit district could result in a more efficient use of existing facilities and staff. In other words, the administration of a newly formed unit district would be responsible for all of the existing elementary, junior high and high school facilities. In addition, the staff of the new unit district would be placed in a more efficient staffing pattern when using all of the existing programs throughout the new unit district as opposed to those existing in the current separate districts.
7. The tax rate would be the same for all of the taxpayers in the newly formed unit district not counting the bonded indebtedness.



8. *Economies of scale* could be more effectively utilized in the business operations of a unit district. By this, the consultant implies that purchasing of larger quantities of supplies would inherently be cheaper due to the increased volume of the expenditures of a newly reorganized district.
9. Curriculum coordination between the elementary buildings and junior highs would have a higher degree of coordination and articulation of curriculum programs leading into the high school years.
10. A comprehensive junior and senior high program could be developed for all unit district students.
11. There would undoubtedly be reductions of administrative staff especially in the central office and areas of superintendent and other central office positions, in a newly reorganized unit district with concurrent salary savings in this area, as well as central office duplication of staff currently in the districts involved in this study.
12. In any reorganization, there are areas of concern. In this reorganization method, one of the concerns is that the election must pass with a majority of yes votes in each district, or affected area, regardless of the number of voters. In addition, when combining unit districts, districts generally reduce their certified teaching force with economies of scale in the numbers of teachers needed in a larger unit district. Lastly, there is a measure of loss of local control when school boards and their members are reduced to a smaller number of board members in a new unit district. Many or all of these factors relating to a school district reorganization will apply equally in the other methods of reorganization currently approved in Illinois.

This reorganization method would effectively form a new unit from all two reorganization scenarios in this study.

**It is the recommendation of the consultant group that school district reorganization be utilized making a newly merged unit district comprising the current Hillsboro District and Litchfield. In addition, the consultants feel that a newly unit district with a new name, school board and tax rate are the best reorganization option for these communities.**

## **Conversion and Formation of School Districts Article 11E, Optional Elementary District (Hybrid District)**

The newly enacted Article 11E is somewhat different than the original Article 11

A. In this configuration of dual districts into a unit and possibly some elementary districts outside of the unit district is a new concept and approved by PA 94-1019.

Some of the differences involved in this method of reorganization include the following:

1. All dual districts do not have to approve the formation of a unit district. However, all dual districts must vote on the issue. If one or more of the elementary districts and the high school district approve the formation of a new unit district with the voting requirements of a majority of voters in each affected district. In other words, a single elementary district or more may vote yes on a referendum to form a new unit district with the high school and leave one or more elementary districts as elementary districts but will still attend the same high school.
2. There are no minimum EAV nor population requirements.
3. Citizen petition requirements are 50 legal residents or 10% whichever is smaller for each district or by the boards of each affected district.
4. All financial incentives are authorized for the newly formed district.
5. The elementary districts that vote yes with the high school need not be “coterminous” or be within the same high school district.
6. There is an “opt in process” in which elementary districts not voting yes for the Optional Elementary Unit may opt in to the unit by voting singly or in tandem to join the unit within five years without all districts voting yes on the referendum.
7. In general, for a few of the taxes levied by a hybrid district, the hybrid district will have a separate rate for high school purposes and a separate rate for elementary purposes. The high school rate will apply to the entire territory and the elementary rate will only apply for elementary purposes.
8. A hybrid district has three types of tax rates; elementary, high school rates and general rates. If the district wants to increase the rates after the district has been formed, the following approval requirements apply:
  - a. Elementary rates: Any increase to tax rates for elementary Purposes must only be approved by a majority of voters living in the territory included for elementary purposes.
  - b. High school rates: Any increase to the high school rates must be approved by a majority of the voters living in both the high school only territory, and the K12 territory.
  - c. General rates: Any increase to general rates (transportation, health life safety, etc.) must be approved by a majority of the voters living in both the high school-only territory, and the K-12 territory.

9. Hybrid districts must issue bonds for either elementary or high school purposes.  
Bonds for high school purposes must be approved by a majority of voters in the entire territory. Bonds for elementary purposes must only be approved by a majority of voters included in the district for elementary purposes. Hybrids will have a debt limitation applicable to the entire district for high school purposes.

***For purposes of this study, this reorganization method may not be utilized since there are no dual districts included in this study.***

### **Consolidation Utilizing Article 11E**

In an 11E consolidation, elementary or high school districts may be reorganized utilizing the same set of regulations and procedures. In the election to approve the formation of a larger elementary or high school district from existing elementary or high school district from existing elementary or high school districts, the vote will pass if a majority of those voting in each affected district approve the vote for reorganization.

***For purposes of this study, this reorganization method could not be utilized because there are no dual districts included in this study.***

### **Annexation of School District by Article 7**

Annexation of school districts either in part or an entire district is permitted under the guidelines in Article 7 of the Illinois School Code. This method differs in many respects from the requirements for other reorganization methods.

Districts utilizing annexation processes essentially become a part of an existing district. In other words, one district annexes another district(s) with one district continuing to function and the other district(s) going out of existence.

This process may begin in one of two ways. First, the Board of Education in the dissolving district may petition the Regional Board of School Trustees for annexation. The petition for annexation may also be made by a majority of the registered voters in the dissolving district.

After a petition is received by the Regional Board of School Trustees, the Regional Superintendent holds a hearing at which the Regional Superintendent submits maps, report of financial and educational conditions of the districts involved, and the probable effect of the proposed changes to the regional board. Any resident of the territory in the affected districts may appear at the hearing and present evidence in support of opposition to the petition. Within thirty days of the conclusion of the hearing, the Regional Superintendent shall meet together with the Boards and a decision shall be forthcoming.

It is important to note that there is now an election for districts using the annexation method and that the decision on annexation lies with the voters in each "affected district." While this method has been utilized by many of the school district reorganizations approved from 1980-1997 and was the most widely utilized method of school district reorganization, the added requirement of an election after approval by the Regional Board of School Trustees has significantly diminished the utilization of the annexation method. Normally, this type of reorganization is approved by boards of education and brought to the Regional Board of Trustees. If the dissolving board of education does not approve a resolution to the Regional Board of Trustees, then a majority of voters in the dissolving district must sign a petition to approve of the resolution to be made to the Regional Board of Trustees. In this reorganization option,

one board is dissolved and the annexing district board takes over and utilizes their current tax rate, etc. ***This reorganization method could be utilized by the unit districts in this study and they could annex the other unit district) in its entirety.***

### **Deactivation of a High School Facility Under Section 10-22B**

This type of school district reorganization is a method that has been used on limited occasions since its inception in 1987. Essentially, a district "deactivates" its high or junior high school, and "tuitions" its students to a neighboring district.

Until June of 1989, deactivation could only occur for a maximum of five years but legislation has removed that time limit and deactivation may now continue indefinitely with either a continuation of a one-year or two-year agreement between the districts. Deactivation requires the approval of the board of the receiving district and of the majority of those voting upon the deactivation proposition in the sending district. Thus, a two-pronged approval system is utilized with one part being an approval by a Board of Education and the other by a vote of the majority of the voters in the sending district.

A board contemplating deactivation shall, by proper resolution, cause the proposition to deactivate the high or junior high school facility to be submitted to the voters at a regularly scheduled election. Notice shall be published at least ten days prior to the date of the election, at least once in a newspaper. A majority of those voting upon the proposition vote is required for passage.

If the vote is successful, the sending district shall pay an amount to the receiving district, an amount agreed upon by the districts.. This cost shall be an amount agreed to by the two districts, but it must not be less than the per capita tuition cost determined by the Illinois State Board of Education for the preceding year for the high school of the

receiving district. The length of the initial contractual agreement shall be for two years, but the districts may renew the contract for one- or two-year periods.

Transportation of students remains the responsibility of the sending district. In addition, tenure rights of teachers in the deactivated high school are maintained and when the deactivation becomes effective, they are transferred to the receiving district. The question of transfer of tenure in a deactivation is interesting in that while the high school teachers of the sending district transfer their tenure and salary to the receiving district, the sending district is technically still in existence and can be reconstituted by the sending district at the end of the contractual agreement between the districts.

Thus, a school district that deactivates its high or junior high school facility is in the position of temporarily discontinuing its high or junior high school program but does not go out of existence as in all other methods of reorganization except the Cooperative High School. Essentially, the business functions of the high school continue and the Board of Education in the sending district(s) must continue to maintain the levy, budget, and other duties as a functioning district. Districts wishing to reactivate their high schools have a process to do so if they desire and to begin their high school program again.

Since there is no official reorganization of school districts utilizing high school deactivation, financial incentives are partially available for districts utilizing this process. Two of the incentives are available, the \$4,000 incentives and Salary Equalization.

***For purposes of this study, a deactivation is within the scope of the unit districts in this study. Therefore, it could be utilized by the districts by deactivating to its neighboring unit district.***

## **Dissolution of School Districts Under Section 7-2 and 7-11 of Article 7 of the School Code of Illinois**

This type of reorganization was possible under Article 7, but new legislation effective in 1989 now delineates a different format for dissolution of school districts with populations of less than 5,000. Essentially, districts using this method simply go out of existence. Control over these districts passes to the Regional Board of School Trustees.

Petitions for dissolution are made by the Board of Education or a majority of the legal voters residing in the district proposed to be dissolved. Districts with a population of less than 5,000 can utilize this method of reorganization or districts with higher populations can utilize a slightly different method of reorganization utilizing dissolution procedures. Districts having a population of more than 5,000 voters can utilize this method but the neighboring district that the dissolved district will be annexed to must be designated in the petition. The Regional Board will not act on a petition filed by a board of education, if within 45 days after giving notice of the hearing, a petition in opposition to the petition of the Board to dissolve, signed by a majority of the registered voters of the affected district, is received.

The Regional Board has no authority to deny dissolution requested in a proper petition but shall exercise its "discretion" on the issue of annexing the territory of a district being dissolved. Tenured teachers of a dissolved district are transferred to the annexing district(s) in relation to their seniority within the dissolved district and in relation to the seniority of teachers in the annexing district.

The Regional Board may annex all or part of the dissolved district to one or more districts. It should be noted here that a review of the legislation and ISBE regulations do not stipulate that a district may refuse annexing all or part of a dissolved district.

In the dissolution of school districts, if a majority of signatures of the voters in the district are obtained to dissolve the school district, the Regional Board of School Trustees cannot deny the petition and must dissolve the district after a public hearing is held to hear the views of the citizens. Thus, there is a forcible method of school district reorganization, which can totally bypass a Board of Education and in which no election is held.

A hearing will be held not less than 50 days nor more than 70 days after a petition to dissolve is received. At the hearing, the Regional Board shall hear evidence as to the school needs and conditions of the territory and the area. Within ten days of the hearing the regional board will render a decision on the annexation of the dissolved district.

Districts utilizing this reorganization format are essentially empowering the Regional Board with the ultimate authority to decide what is going to happen to the dissolved district. Districts dissolving are eligible for the financial incentives available to the annexing district. Essentially, the same guidelines for annexing districts apply to districts dissolving and becoming annexed by the Regional Board of Trustees.

In this case, all of the districts, could utilize dissolution. The method of dissolution would depend upon the population of the individual school district that wishes to dissolve. However, all of the reorganization scenarios could dissolve and be annexed to a neighboring similar type of district.



Annexing districts utilizing dissolution are eligible for all financial incentives currently offered by ISBE.

***For purposes of this study, the unit districts may utilize dissolution involved with this study. Either district could dissolve and the determination would be made by the Regional Board of School Trustees as to the disposition of the dissolving district.***

### **Unit District Conversion in Districts Under Article 11E**

Basic requirements for unit districts wishing to convert to an elementary district and annex its high school students to a neighboring high school district are not present in this study. Current statutes require unit district conversion for a unit district only to a contiguous high school district. ***Since there are no high school districts contiguous to any unit district included in this study, it could not utilize this reorganization method.*** Voting requirements are that it pass in the converting and annexing district with a majority of voters. Districts utilizing this method of reorganization are eligible for all current financial incentives.

### **Cooperative High School Attendance Centers**

Two or more contiguous unit or high school districts may jointly operate one or more cooperative high school attendance centers. Such action shall be taken for a minimum period of twenty school years.

The board of each district contemplating such joint operation shall, by proper resolution, cause the proposition to enter into such joint operation to be submitted to the voters of the districts at a regularly scheduled election. If the majority of those voting on the proposition in each district vote in favor of the proposition, the school boards of the

participating districts would execute a contract for such joint operation subject to the following provisions:

1. The agreement for joint operation of any such cooperative high school attendance center shall be executed on forms provided by the State Board of Education and shall include, but not limited to, a process to resolve disputes on matters which each participating district cannot agree, provisions for administration, staff, programs, financing and transportation. Even if two or more of the participating district boards approve an extension of the agreement, any other participating district shall, upon failure of its board to approve such extension, disengage from such participation at the end of the then current term.
2. An advisory board, which shall govern the operation of any such cooperative high school attendance center, shall be composed of an equal number of board members from each of the participants, except that where all participating district boards concur, membership on the advisory board may be apportioned to reflect the number of students in each respective district. The membership of this advisory board shall be not less than 6 or more than 10. The school board of each participating district shall select from its membership, its representatives on the advisory board. The advisory board shall prepare and recommend a budget for the cooperative high school attendance center, which must be approved by each of the participating districts.
3. Each participating school district shall provide any necessary transportation for students residing in the district, or enter into an agreement with the other participating districts for transportation of its students.
4. Each participating district shall pay its per capita cost of educating the students residing in its district and attending any such cooperative high school attendance center into the budget for the maintenance and operation of the cooperative high school attendance center or centers.

Such per capita cost shall be computed in the following manner. The cost of maintaining and operating such cooperative high school attendance centers shall be first determined by the advisory board and shall include the following expenses applicable only to each attendance center under rules and regulations established by the State Board of Education as follows:

5. Additional districts may be added as long as they conform to the same requirements as the original cooperating districts.
6. Administrators, teachers, and other staff assigned to the cooperative high school attendance center or centers by participating school districts shall continue to be subject to employment by and to maintain all rights, privileges and benefits in the districts from which they were assigned. However, the participating districts may

jointly employ a principal to oversee the administration of the cooperative high school attendance center, provided the principal does not have the authority to employ or terminate the employment of other personnel.

While this method has only been utilized twice thus far in the State of Illinois, it seems to address several problems inherent in school district reorganization:

- a) Cooperating school districts do not go out of existence but cooperate in the most expensive curricular aspect of education, that being the 9-12 high school.
- b) Cooperating districts have an opportunity to jointly solve the problems in operating and maintaining a high school facility. Current legislation even allows for flexibility in the number and proportion of board members on the advisory board.
- c) A mechanism is in place for districts to disengage themselves from a cooperating agreement but only after a minimum of twenty years.
- d) Personnel to staff the cooperative high school maintain their current seniority and salary schedules so there is no loss of status quo in these two critical personnel areas.

***Therefore, this reorganization method is also an option for the purposes of this study for the unit districts. There are two incentives available to districts utilizing this method of reorganization, the \$4,000 incentive and Salary differential.***

### **School District Conversion Under Article 11-E**

This is a relatively recent reorganization option to be approved by the General Assembly and as yet only one group of districts has utilized this method of reorganization in Illinois. Of the eleven approved reorganization methods, this is the only option where more school districts are created than existed previously.

In this option, unit districts may break apart and create a dual district format. For example, if two unit districts were to utilize this option, the districts would dissolve their

existing unit districts and two elementary districts would be created from the area of the previous unit districts. In addition, an over-laying high school district would be created to cover the area of both of the previous unit districts.

In order to file a petition with the Regional Superintendent for an 11E conversion, one of two requirements must be met. First, the boards of education of the affected districts may resolve to bring the proposition to the next regularly scheduled election. A petition may also be filed with the signature of at least 50 voters or 10% of the voters, whichever is less, residing within each affected district.

There must also be a provision made by agreement of the affected district of the division of assets. Normally, this process would be handled by the Regional Superintendent of Schools utilizing Article 11-C of the School Code and would facilitate this process.

To be successful, a majority of the voters in "each affected district must approve the resolution." This requirement mirrors the regulations present in an 11E consolidation. In fact, most all of the rules and regulations pertaining to an 11E conversion are the same as present in an 11E consolidation. ***Since there are unit districts, this reorganization method is also a viable option for the purposes of this study for any of the unit districts. Districts utilizing this method of reorganization are eligible for all of the financial incentives.***

### **Combined High School – Unit District (Hybrid) Article 11E**

A combined high school-unit district may be a desirable option when voters in dual district territory wish to consolidate with a neighboring community for high school purposes but want to retain their existing separate elementary school district (s).

In this method of reorganization, a high school district can combine with a neighboring unit district so long as both districts approve and are physically contiguous. The new district would serve the entire territory for high school purposes but only the former unit district territory for elementary purposes. The rules for the formation of hybrid districts outlined earlier in the study also apply for a Combined High School – Unit District.

***Therefore, for purposes of this study the unit districts could not utilize this method of reorganization with a neighboring unit district since there is no contiguous high school districts.***

### **Multi-Unit Conversions – Article 11E**

Another new conversion process is available if two or more unit districts want to consolidate at the high school level, but keep a separate elementary district for part of the territory. The unit districts can dissolve to form a new combined high school-unit district serving the entire territory for high school purposes, and the former territory of one of the units for elementary purposes. A new elementary district would be formed serving the former territory of the other unit district for elementary purposes.

***Since there are two unit districts involved in this study, the districts could utilize this method of reorganization.***

## **Summary/Recommendations**

The various methods currently available for school district reorganization have been listed. Each of these methods has a separate set of regulations and requirements. While District Combination Article 11E, Combined High School and Unit (Hybrid) Article 11-E, Optional Elementary District formation and Unit District Conversion, Article 7 were found to be legally impossible to utilize, the remaining methods are legally permissible. *It should be noted that the remaining seven reorganization methods, allow a reorganization of different requirements, procedures and results for the three unit districts (both scenarios) involved in this study.*

Currently, all of the districts are in a positive overall fiscal condition. All of the districts are experiencing moderate increases in local property values and losses in student enrollment. These factors would normally create a problematic financial situation for the districts whether they reorganize or not in the near future. These districts in combination would undoubtedly make a stronger financially disposed district and the combination of their facilities should enable the districts to more effectively utilize their existing capital facilities not to mention improve the course offerings for students.

The incentives that are available to all districts in the different scenarios are available with the stated concern for incentives being received late in the fiscal year but historically they are eventually received.

Conclusion:

The responsibility of the Consultants has been to bring a higher level of awareness of the intricacies of school district reorganization in Illinois. Finally, while the various

reorganization methods have been recounted, an additional possibility has not been mentioned. That possibility is maintaining the status quo for the districts cooperatively seeking information in this report. It will be the responsibility of the Boards of Education and interested citizens to sift through the information to determine the best actions for their individual districts. In this endeavor, the team of consultants stands ready to assist in these determinations for the future of these school districts.

## **Curriculum Considerations and Comparisons for Hillsboro CUSD #, Litchfield CUSD #12, & Panhandle CUSD #2**

### *Part 1: K-8 Organization*

#### Overview of grade configurations K-8

The curricula of the three districts are organized into PK-5 at Hillsboro CUSD, Beckemeyer Elementary School (557 students), Coffeen Elementary (258 students) and grades 6-8 are housed at Hillsboro Junior High (351 students).

Litchfield CUSD 12 houses Pre-K at the Litchfield Center (115 students), K-1 students at Madison Park Elementary School (196 students), 2<sup>nd</sup> and 3<sup>rd</sup> graders at J.D. Colt Elementary (161 students), 4<sup>th</sup> and 5<sup>th</sup> graders at Ida J. Russell Elementary (202 students) and grades 6-8 at Litchfield Middle School (344 students).

Panhandle CUSD #2 houses elementary PK-1 at Farmersville Grade School (97 students), grades 2-5 at Raymond Grade School (138 students), and grades 6-8 at Lincolnwood Junior High (104 students).

#### Early Childhood and Elementary Levels

Hillsboro offers an early childhood (0-3 yrs.) program for 3 students. The Pre-K program has enrolled 107 students with 3 teachers. The Kindergarten program at Beckemeyer Elementary is full- day (89 students) with 5 sections. Grades 1-5 have one section of each grade.

Litchfield offers a Pre-K program at the Litchfield Center for 115 students with 3 teachers. The Kindergarten program at Madison Park is full-day full day with 5 section (98 students).

Panhandle houses 1 sections of Pre-K at Farmersville Grade School (40 students). Kindergarten has 2 sections of full-day programming for 32 students.



The following table presents data showing the distribution of teachers across PK-8 grades:

**Number of Classroom Teachers in Pre K- 8 Grades  
(Excluding Specialists)**

<b>Grade</b>	<b>Hillsboro</b>	<b>Litchfield</b>	<b>Panhandle</b>
0-3 yrs.	1		
Pre-K	3	3	1
KG	5	10	2
1	5	9	2
2	5	9	2
3	5	9	2
4	5	9	2
5	5	9	2
6	4	5	2
7	5	5	1
8	5	5	1

	Hillsboro	Litchfield	Panhandle
Average Class Size	19	19	16
Pupil/Tchr. Ratio	18:1	18:1	14:1
Teachers FTE	107	94	40
Admin. Ratio	187:1	205:1	164:1
Certified Staff	12:1	11:1	10:1

#### Racial/Ethnic Diversity

	Hillsboro	Litchfield	Panhandle
White	94%	93.7%	96.3%
Black	1%	1%	.4%
Hispanic	2.7%	2%	1.6%
Asian	.4%	1%	0%
American Indian	.2%	.1%	.2%
Two or more races	1.3%	1.9%	1.4%
Pacific Islander	.1%	.1%	0%

### Hillsboro

Enrollment	1, 687
Student Mobility	13%
Truancy	9%
Homeless	2%
Low Income	51%
English Lang. Learners	0%
Students with IEP's	16%
Student Attendance	94%

### Litchfield

Enrollment	1, 433
Student Mobility	10%
Truancy	5%
Homeless	4.2%
Low Income	55%
English Lang. Learners	0%
Students with IEP's	17%
Student Attendance	94%

### Panhandle

Enrollment	491
Student Mobility	10%
Truancy	3%
Homeless	5%
Low Income	48%
English Lang. Learners	0%
Students with IEP's	22%
Student Attendance	95%

### Grades 6-8, 7-8 Middle School/Junior High

Hillsboro Junior High students, grades 6-8 (351 students) are taught in a traditional schedule with electives in Choral Music, Band, Visual Arts, Technology, and Physical Education. Sports are offered in Girls and Boys Basketball, Girls Volleyball, and Track & Field. Clubs are offered in Art, Scholastic Bowl, and Yearbook.

Litchfield Middle School, grades 6-8 (344 students) are taught by 15 classroom teachers (5 at each level). Electives are offered in Chorus, Band, Jazz Band, Foreign Language (6-8), and Physical Education. Additional electives are offered in Drama (8), Music Appreciation (7), and Guitar (6). Sports are offered in Girls and Boys Basketball, Girls Volleyball, Wrestling, Girls and Boys Track, Cheerleading, and Scholastic Bowl. Clubs are offered in FOR (Friends of Rachel), Reading Club, Rembrandt Club, and Chess Club.

Lincolnwood Junior High, grades 6-8 (104 students) are taught in a traditional schedule. Electives are offered in Chorus, Band, Foreign Language, and Physical Education. Sports are also offered in Softball, Baseball, Basketball, Volleyball, and Cheerleading. Clubs are offered in Student Council and Drama Club.

Another consideration in this matter is the special subjects. Because specialists are shared between levels and buildings, the distribution of specialty subjects across K-8 is depicted in the following table below:

### K-8 Specialty Subjects in the Curriculum

Subject	Hillsboro		Litchfield		Panhandle	
	K-5	6-8	K-5	6-8	K-5	6-8
PE/Health	(3) K-5 shared	2	1 (3-4) 1 (4-5)	2	1(2-5)	1 (6-8)
Art	(2) K-5 shared	1 (6-8)	1(3-4) 1 (4-5)		1(K-5)	
Band	1	1 (6-8)		1		1(6-12)
Chorus		1 (6-8)		1		1(6-12)
General Music	2 (K-5) shared		1 (3-4) 1 (4-5)		1(K-5)	
Title 1					1(K-5)	
Spanish				(1)6-8		1 (8-12)
Technology		1 (6-8)	1 (3-4) 1 (4-5)			
School Counselor					1 (K-5)	

The strengths of the Hillsboro PK-8 curriculum include:

#### PK-5 Beckemeyer Elementary

- Standards aligned curriculum.
- Teacher created curriculum.
- Technology-enhanced with Chromebooks, iPads, Smartboards.
- Large portion of curriculum is digital.

#### PK-5 Coffeen Elementary

- Title teacher and aide that can help struggling students in small groups.
- All students have computer lab time every day.

- Grades 3-5 are one to one with Chrome Books and Grades 1 and 2 each have 5 to utilize every day.
- Teachers plan together in PLCs and get ideas from each other.
- Teachers meet in Vertical Alignment meetings quarterly to discuss curriculum and vertically align curriculum.
- All teachers differentiate curriculum and plan for individual students.
- Teachers have smart boards, lap tops, i Pads, and Chrome Books to use within curriculum in the classroom.
- Data meetings are held quarterly to go over student progress to discuss student's individual needs academically and behaviorally.
- Clear expectations are set with behavior and lots of time is invested in teaching these to increase academic time in the classroom without dealing with behaviors.
- Curriculum starts in our building with *BabyTalk* for 0-3 and Creative Curriculum for Pre-K. Starting with the Early Childhood curriculum is important for our students.
- ELA structure is set up as a Guided Reading Block and students are able to work in small groups on their level.
- All grade K-5 receives fine arts time each week.

#### Hillsboro Junior High (6-8)

- Due to the addition of staff for next year, we anticipate increased collaboration and the development of Inquiry Based Social Studies units in grades 6-8, which align with Illinois State Standards.
- English/Language Arts staff have collaborated with 9-12 staff to develop Power Skills in the area of writing which will be incorporated into the writing curriculum next year.
- 6<sup>th</sup> grade staff working with 5<sup>th</sup> grade staff on vertical alignment.
- Math department is using data to guide possible curriculum change at 8<sup>th</sup> grade level.
- A move to demonstrate writing across the curriculum.

The strengths of the Litchfield (PK-8) curriculum include:

#### (Pre-K) Litchfield Center

- Creative Curriculum - research based program for teaching
- Teaching is student-centered and focused on student interest at the appropriate developmental level for the child
- Anecdotal notes and observation for assessment
- Student assessment is holistic and takes into account academics, physical development, and social emotional
- Includes parents in the program and in the classroom

- Curriculum is steered by the child and the interest of the group of children currently being taught.

#### (K-1) Madison Park Elementary

- Unified math curriculum with focus on problem solving (Go Math) and automaticity (Rocket Math).
- Teachers at Pre-K and Kindergarten are using play based model for delivery of instruction which is best for students.
- Program focuses on the whole child and K still spends time work on much needed fine motor and allows for teachers to guide instruction based on student interests.
- Leveled readers that meet the needs of individual students are used for young readers.
- We infuse tech into the curriculum using the Tech 1 and Tech 2 classes but also continue to monitor student exposure to screen time. School still has the flexibility to control the amount of screen time with which we expose young learners.

#### (2-3) J.D. Colt Elementary

- Technology-friendly
- Hands-on activities
- Teacher-Directed instruction
- Flexible for student needs
- Student focused
- Engaging with students and parents.

#### (4-5) Ida J. Russell Elementary

- Technology-friendly
- Hands-on activities
- Teacher-Directed instruction
- Flexible for student needs
- Student focused
- Engaging with students and parents.

#### (6-8) Litchfield Middle School

- Differentiated instruction in majority of classes
- Fully equipped science lab that is frequently used
- Guitar, drama, and music appreciation offered throughout middle school
- Interdisciplinary units of study
- 3 trimesters of Spanish, grades 6-8
- Band, jazz band, and choir are available

Strengths of the Panhandle curriculum include:

(Pk-1) Farmersville Grade School

- Allows for differentiation among our students
- Reading & math curriculum integrate technology
- Stem activities are being introduced
- Common Core standards are addressed
- Requires the use of critical thinking skills
- Emphasizes hands-on activities
- Connects the curriculum between grade levels

(2-5) Raymond Grade School

- The team work of the staff
- Reading Programs
- Counseling and Special Education Programs
- Technology initiatives

Lincolnwood Junior High (6-8)

- Engaged students in academic areas.
- Labs and hands-on activities in Science.
- Use of real-world applications in Math.
- Project-oriented approach to teaching Social Sciences.

## **Special Education Programs, PK- 12**

K-12 Hillsboro CUSD #

- Beckemeyer Elementary (PK-5) serves 557 students and 114 students are in special needs programs. The school houses 5 special education classrooms and 1 BE/ED classroom. Early Childhood program. Programming is also offered for Speech, Social Work (PT), and a School Psychologist (PT) for testing purposes.
- Coffeen Elementary (Pk-5)- Early Childhood Special Education teacher that works inclusively with 7 Pre-K sections. Special Education Resource teacher for grades K-5 for 49 students. Special Education Life Skills teacher for grades K-5. Students are offered Speech, OT, PT, and Social Services if needed.
- Hillsboro Junior High (6-8)-4 full-time special education teachers for 49 students. They offer instructional classes as well as co-taught classes. One special education teacher serves as a Life Skills/Behavioral teacher when there is a



need. 4 full-time teacher aides are on staff who serve our special education students.

#### Litchfield CUSD #1

- Litchfield Center- Special education teachers offer push in and pull out academic services. Aide support is provided in the classroom. Speech is offered at the building based on needs of students We also offer part-time PT, OT, and hearing and vision itinerant services based on the need of the students served.
- Madison Park Elementary (PK-1) Special education teachers offer push in and pull out academic services. Aide support is provided in the classroom. Speech is offered at the building based on needs of students We also offer part-time PT, OT, and hearing and vision itinerant services based on the need of the students served.
- J.D. Colt Elementary (2-3) has two special education teachers and two aides. The teachers and aides provide push in and pull out services to over 15 students in our building on a daily basis.
- Russell Elementary (4-5) has two special education teachers and two aides. The teachers and aides provide push in and pull out services to over 30 students in our building on a daily basis.
- Litchfield Middle School- Offers instructional math and reading services at each grade level for our lower students. The middle school also offers a co-taught language art for those with a writing deficit. Full inclusion occurs as much as possible. They also offer a life skills class for our lowest students, with push in capabilities for several classes, mainly science and social studies.
- Litchfield HS-

#### Panhandle CUSD #2

- Raymond Grade School (25) & Farmersville Grade School (12) Schools provide instructional support and Resource Room instruction students. Support services in Speech, physical therapy, and speech therapy are also provided.
- Lincolnwood Junior & Senior High provides Resource Room support for 30 students.

## High School 9-12, Hillsboro High School

Hillsboro High School has a traditional curriculum for programs in grade 9 through 12 for 491 students. Examples of these include:

- **Mathematics** courses in Algebra I & II, Geometry, Statistics, Trigonometry, Pre-Calculus, and Calculus.
- **Science** courses in Biology, Honors Biology, Physical Science, Science Today A/B, Chemistry, Anatomy & Physiology, Earth & Space Science A/B, Forensic Science, Forensic Science II, Microbiology, Genetics, AP Chemistry, and Physics.
- **English** courses in English I-3, Adv English I-3, Dual Credit Courses in English 2250, 1500, 1900, English 4, Reader Response, Oral Communications, and HILTOP Yearbook.
- **Social Science** courses ranging from Western Civilization up to 1600's, Western Civilization from 1600's, American History, Sociology, American Government, and Current Events.
- **Foreign Language** is offered in Spanish 1-4.
- **Business Education** courses are offered in Accounting I & II, Business Technology & Concepts, Consumer Education, Information Processing A & B, Marketing, and AP Computer Science Principles.
- **Agriculture** offers course in Intro. Exploring Fundamentals of Ag, Animal Anatomy & Physiology, Natural Resource Conservation, Wildlife Management & Aquaculture, Biological Science Applications in Plant & Animal Sciences, Veterinary Science & Technology, Agriculture Metal Fabrication, Agriculture Construction Technology, Ag Machinery Repair, and Supervised Ag Experience I & II.
- **Dual Credit Industrial Technology** courses in Building Trades.
- **Family & Consumer Sciences** courses in Orientation to Family & Consumer Sciences A & B, Culinary Arts Awareness, Nutritional Culinary Arts II, and Child Care/Teaching Internship.
- **Visual Arts** courses include: Art Skills A/B, Ceramics, Adv Ceramics, Creative Drawing, Creative Design, Adv Art A/B, Photography, and Adv Photography.
- **Music** offers courses in Chamber Singers, Concert Choir, and Band.
- **Safety, Health, and Physical Education** offers Classroom Driver's Training, Practice Drivers Training, Health, Physical Education 9-12, Weight Training A/B, "O" Hour Physical Education A/B, "O" Hour Fusion Fitness,

- **Certified Nursing Assistant Program**-Basic Nurse Assistant at Lincoln Land CC.

Graduation requirements:

You must earn 22-25 credits over the next three years in order to graduate.

The following credits are required for all students, as part of the above total, which meet the minimum requirements of the State of Illinois.

4 credits	Four years of English
2 credits	Social Studies, including American History & Government
3 credits	Three years of Mathematics (One year MUST be Algebra & one MUST include Geometry)
3 credits	Three years of Science
4 credits	Physical Education and Health
1 credit	Fine Arts, Foreign Language, Music, or Vocational

Strengths of the Curriculum:

- Science Department – a wide array of offerings including AP Chem & Dual credit Biology; Most courses include a significant lab component.
- English Department – standard courses Eng 1-3, options for 3<sup>rd</sup> & 4<sup>th</sup> year including Dual Credit; collaborative focus on reading strategies and common core standards with integrated writing instruction
- Music Department – annual choral operetta, marching band, pep band, semi-annual concerts by each as well as collaborative, invitational, and competitive performances; courses include Chamber choir, choir, band and percussion (new in 2020); students have opportunity to be involved in both band and choir
- Business Department – provides strong foundations in business skills with an emphasis on Technology; offers AP Computer Science Principles
- Family & Consumer Science Department – basic family science courses as well as Child care and Culinary Arts which culminate in various state certifications
- Foreign Language – Spanish 1 – 4; many graduating students CLEP into 2<sup>nd</sup> and 3<sup>rd</sup> year college courses; content includes language as well as culture, history, geography, art, and film; heavy emphasis on oral speaking/listening skills
- Art Department – numerous course offerings including advanced classes and/or supervised independent study; works collaboratively to assist other departments and programs; participate in various exhibitions including competitive contests
- Ag Department - FFA is very involved in diverse competitions and service projects at the local, district and state levels; offers a variety of courses, both agricultural and industrial. Newly added Horticulture course and greenhouse extends the student/community relationship.

The following sports are offered for female and male athletes:

Boys	Girls
Football	Volleyball
Wrestling	Cheerleading
Basketball	Basketball
Baseball	Softball
Tennis	Tennis
Golf	Golf
Soccer	Soccer
Track and Field	Track and Field

Clubs are offered 9-12 in the following areas:

Programming Club	9-12
Scholar Bowl	9-12
FCCLA	9-12
Anime Club	9-12
Honor Society	11-12
Interact Club	9-12
Topper Art Club	9-12
Peer Tutoring	11-12

4-year graduation rate  
Percentage

Year	HHS	State
2016	85	86
2017	79	87
2018	88	85

Freshman On-Track  
Percentage

Year	HHS	State
2016	82	82
2017	78	87
2018	90	87

\*Retrieved from Illinois Report Card site, April 2, 2019

## High School 9-12, Litchfield High School

Litchfield High School has a traditional curriculum for programs in grade 9 through 12 for 360 students. Examples of these include:

- **Agriculture** course in Agriculture Science, Introduction to Agriculture Industry, Agricultural Business Management, Agricultural Sales and Marketing Horticulture, Natural Resources Management and Conservation, and Introduction to Veterinary Science.
- **Art** courses in Ceramics and Sculpture, Drawing and Design, Painting and Watercolors, and Honors Art.
- **Business Education** course in Accounting I & II, Business and Personal Law I & II, Business and Technology Concepts, Information Processing 1A, 1B, 2A, & 2 B, Web Page & Interactive Media Development I & II, Communication Technology I, Principles of Audio-Visual Communication Technology, Advanced Audio-Visual Communication, Yearbook, A+ Certification Preparedness, and Network+ Certification Preparedness.
- **English** offers courses in English 9, Honors English 1, Sophomore Literature, Sophomore Speech and Composition, English 2 Honors, English 150 Composition (SLU Dual Credit), English 202 (SLU Dual Credit), American Literature I & II, Senior Composition and Research, Senior Communication, English 190 Advanced Strategies of Rhetoric and Research, English 230 Introduction to the Novel (SLU Dual Credit), and Workplace Communication.
- **Family & Consumer Science** courses in Learning for Independence, Family and Employment, Independent Living, Child Development, Clothing & Textiles, Food & Nutrition, Adult Living, Food Services Occupations, Parenting, Living Environments, and Consumer Education.
- **Foreign Language** offers courses in Spanish 1-4 and.
- **Health** offers courses in Health, Certified Nursing Assistant Program, Child Care Program, and Fundamentals of Emergency Services.
- **Industrial Technology** courses in Small Engines, Auto Servicing, Automotive Engines and Drivelines, Automotive Chassis and Electronic Engine Controls, Introduction to Construction, Constructions Trades 1-3, Beginning Drafting/Computer Aided Drafting, and Drafting 2-3.
- **Mathematics** offers courses in Algebra 1 & 2, Algebra 2 (honors) Geometry, Pre-Calculus, and Calculus.
- **Music** offers Band.

- **Physical Education** offers Physical Education and Fitness Training and Conditioning.
- **Science** offers courses in Integrated Science, Environmental Science, Biology 1 & 2, Biology 104 (SLU Dual Credit), Chemistry 1 & 2, and Physics.
- **Social Studies** offers courses in American Government, Economics, Geography, Psychology, Sociology, United States History, World History 1 & 2, Advanced Placement Macroeconomics, Advanced Placement Microeconomics, and Advanced Placement American Government.

Graduation requirements:

You must earn 25 credits in order to graduate.

The following credits are required for all students, as part of the above total, which meet the minimum requirements of the State of Illinois.

Consumer Ed. 1 semester

Driver's Ed. Classroom 1 semester

English 8 semesters

Health 1 semester

Math 6 semesters

Music, Art, Foreign Language, or Vocational Ed. 2 semesters

Physical Education 8 semesters

Science 4 semesters

U.S. History 2 semesters-Government (Class of 2019), 1 semester Civics (Class of 2020),

Other requirements: Computer Technology (1 year), Health 1 semester, and Driver's Education 1 quarter.

Strengths of the Curriculum:

- Services college prep and vocational students
- Senior project/portfolio
- Curriculum gives variety of options for students
- Dual credit opportunities
- Students 1 to 1 chrome book incentive

The following sports are offered for a variety of interests for female and male athletes:

Boys	Girls
Football	Volleyball
Cross Country	Cross Country
Basketball	Basketball
Baseball	Softball
Wrestling	Soccer
Golf	Golf
Track & Field	Track & Field

Clubs: FFA, FCCLA, FCA, Student Council, Post Prom, Pep Club, National Honor Society, Rembrandt Society, ECO Team, S.A.D.D, and Yearbook.

4-year graduation rate  
Percentage

Year	LHS	State
2016	82	86
2017	88	87
2018	83	85

Freshman On-Track  
Percentage

Year	LHS	State
2016	87	82
2017	78	87
2018	85	87

\*Retrieved from Illinois Report Card site, April 3, 2019

## High School 9-12, Lincolnwood High School

Lincolnwood High School has a traditional curriculum for programs in grade 9 through 12 for 146 students. Examples of these include:

- Course options at various levels in **Mathematics**, Algebra I, Geometry, College Prep Algebra II, Algebra II, Trigonometry/College Algebra, Probability & Statistics, and Calculus.
- **Accounting** offered through Morrisonville High School.
- **Science** courses in Intro to Intro. to Physical Science, Biology I & II, Chemistry I & II, and Physics.
- **Language Arts** courses in English 1-3, College Prep English, Journalism, Senior English, and Speech.
- **Social Studies** courses ranging from World History, U.S. History, American Government, Global Issues, Psychology, Sociology, and World Geography.
- **Foreign Language** is offered in Spanish 1-4.
- **Agriculture** offers courses in Intro to Intro. to Agriculture, Ad Mechanics, Agronomy, Environmental Science, Ag Science, Horticulture Production & Management I & II, Ag Business, and Ag Construction & Technology.
- **Communications** offers one course in Digital Media Design & Production.
- **Family and Consumer Sciences** offer courses in Orientation to FACS, Foods & Nutrition, Adult Living, Clothing & Textiles, Child Development, Parenting, Living Environment, Parenting, and Resource Management.
- **Visual Arts** courses include: Art 1-4.
- **Music** courses in Band and Chorus.
- **Vocational** courses in Basic Nurse Assistant Program, and Child Care.
- **Physical Education and Health** offers Health, Driver's Ed. and Physical Education.
- **Capital Area Career Center-** Ag & Industrial Mechanics, Automotive Tech & Servicing, Cisco, Collision Repair Technology, Cosmetology, Culinary Arts, Digital Media Design, Digital Radio/Television Production, Early Childhood Education, Graphic Arts, Law Enforcement, Photography, and Welding.



## Graduation Requirements:

You must earn 24 credits in order to graduate.

The following credits are required for all students, as part of the above total, which meet the minimum requirements of the State of Illinois.

### Class of 2018

Language Arts-4 years, 4 credits

Mathematics (3)-Algebra I, II & Geometry

Science-2 years, 2 credits

Social Studies (3)-World History 1 year, 1 credit U.S. History, 1 year, 1 credit

Global Studies, 1 sem., 1/2 credit American Gov't. 1 sem., 1/2 credit

Resource Management-1 sem., 1/2 credit

Health-1 sem., 1/2 credit

Driver's Education-1 sem., 1/2 credit

Speech-1 sem., 1/2 credit

Physical Education-4 years, 2 credits

The following sports are offered for athletes:

### Boys

Soccer

Golf

Coop Football (Pawnee)

Basketball

Baseball

### Girls

Soccer

Golf

Volleyball

Basketball

Softball

### Clubs:

FFA (All 9 – 12)

Spanish Club

Community Service Organization

Book Club

Drama Club

Choir

Band

Student Council

National Honor Society (10 – 12)

### Lincolnwood Curricular Achievements:

- Science
- English
- Agriculture
- Math

- Special Education
- Social Science

4-year graduation rate  
Percentage

Year	LHS	State
2016	86	86
2017	77	87
2018	83	85

Freshman On-Track  
Percentage

Year	LHS	State
2016	82	82
2017	92	87
2018	95	87

\*Retrieved from Illinois Report Card site, April 4, 2019

## **Part 2: Curriculum Alignment**

### History and Purpose

The purpose of the curriculum map/guide is a written document that presents the content and skills that students should know and be able to do as a result of learning (outcome or objective). It should be written by district staff in order to match the local outcomes or objectives with the state goal or learning standard mandated by the state of Illinois (i.e., alignment). The curriculum maps can serve to focus teaching, learning activities, assessment, and selection of instructional materials.

The new Common Core State Standards establish clear expectations for what students should learn in English/language arts and mathematics at each grade level. The standards are high, clear, and uniform to ensure that students are prepared for success in college and the workforce (Illinois State Board of Education, retrieved, March 25, 2016).

### K-12 Curriculum Development

Although the curriculum development efforts between the districts has taken place independently, there is not one complete plan or articulation between the K-8 and the 9-12 districts. Starting a mapping process PK-12 could help accomplish this improvement. Much of the standards alignment work already completed could be used as a starting point. Both districts need to make a concerted effort to hold scheduled discussions regarding curriculum articulation, textbook conversion/articulation, grading scales, and other special program offerings that are currently offered at each district.

### *Part 3: Articulation among Districts*

Articulation is the opportunity for staff to meet with other teachers with the same or related responsibilities to discuss topics of mutual interest and concern about teaching and learning. In most cases, it will be formal articulation where specific groups of teachers meet for definite lengths of time with designated topics and a clearly identified purpose. It is the formal articulation, facilitated by a curriculum coordinator and the administration, which is most crucial to the development, improvement and consistent implementation of the curriculum across the grade levels of a district.

Articulation within both districts could occur through their own in-service training held during the year. These can be either early dismissal days (School Improvement Days) or full day meetings on district institute days.

### K-8 Curriculum Development

Curriculum development efforts in each of the 3 districts have taken place. Much of the standards alignment work already completed could be used as a starting point for a K-12 articulation. Reorganization of any type, will require discussions on curriculum articulation, textbook conversion/articulation, and other special programs that are currently offered in each district.

### Summary of Curriculum Alignment

- All 3 districts have shifted their focus of curriculum alignment to the Illinois learning standards and have begun work on the Common Core. In reorganization, this in turn, will help better prepare all students for the Illinois Standards Achievement Tests.
- The overall PK-12 curriculum alignment is out of sync because all 3 districts have not previously worked together on curricular issues.

- A new PK-12 textbook adoption schedule would have to be established over time if districts reorganized since each district is following a different schedule. If and when this occurs, curriculum design should precede textbook purchases. This proposed procedure will help teachers and administrators develop more meaningful curricula that are not dictated by textbook companies. Supplemental materials which enhance and help address subject content, skills, and assessments.
- Many other the current high school departments have similar courses and facilities (labs, shop space) etc. If any combination of a school district merger occurs, planning time for the high school curriculum will be needed. Graduation requirements, textbook adoption schedules, facilities, equipment, will have to be re-distributed to the appropriate sites.
- Technology curriculum, services, and support staff should be evaluated to offer a newly organized district the best possible program. Much organization would be needed to catalog hardware, software, and equipment. A reorganized technology curriculum will need to be developed. Current Technology Coordinators can help the administration and teaching staff with this process.

### *Part 3: Articulation among Districts*

Articulation is the opportunity for staff to meet with other teachers with the same or related responsibilities to discuss topics of mutual interest and concern about teaching and learning. It can be informal such as the talking among teachers that occurs at lunch, in hallways, and in offices and classrooms of the buildings. Or it can be formal articulation where specific groups of teachers meet for definite lengths of time with designated topics and a clearly identified purpose. It is the formal articulation, facilitated by a curriculum coordinator and the administration, which is most crucial to the development, improvement and consistent implementation of the curriculum across the grade levels of a district.

Articulation within each of the districts could occur through their own professional development time held during the year. These can be either early dismissal days (School

Improvement Days) or full day meetings on district institute days. These in-service meetings focus on curriculum topics and only teachers within that district attend.

The meetings and topics for this year are presented in the following table below:

## Professional Development Programs

<b>Hillsboro</b>
Trauma Informed School, Technology, ELA, Positive School Culture, Book Studies, Power skills for ELA, vertical alignment between 5 <sup>th</sup> and 6 <sup>th</sup> grades. Standards-based report cards.
<b>Litchfield</b>
Pre-K teaching strategies, Pre-K assessment tools, K & 1 teaching practices, Writing, Technology, MS Book Study-Teach Like a Pirate, Promethean Board Training, Student Assistance Program, Illinois Middle Ed. Association Conference, Student Data, School Safety,

<b>Panhandle</b>
Homeless Training, Curriculum/Assessment Training, Technology, Trauma Training, ESSA training, 5-County Institute (numerous opportunities in different areas), and ROE trainings.

There are opportunities for articulation within school districts in addition to the professional development programs. The continued development efforts to align curriculum and develop assessments linked to the Illinois Learning Standards in each district do provide a well-utilized opportunity for articulation. As a result, articulation within grade levels occurs when a curriculum map is developed and all teachers in the district work together to align the core subjects, identify assessment activities, and align all activities to the state standards. Also, articulation among grade levels could occur during textbook adoption activities. Further, articulation across grade levels could occur when all teachers in grades K-8 and high school departments meet to develop common curriculum maps.

#### *Part 4: Student Achievement, ISAT, Common Core, and PARCC*

The performance of students on standardized achievement tests has long been held to be an important indicator of the quality and impact of a district's curriculum on learning, although certainly not the only or single most crucial source of data that a school can consider. In Illinois, there was a set of state tests that have been given over the past decade which specifically allow comparison between districts and within a district from year to year. The Illinois Student Achievement Test (ISAT) measured student performance on state goals for learning in reading and math at grade 3, 5, 6, and 8th grades, reading, math, and science at grades 4, and 7. The use of ISAT to compare districts is appropriate, although not politically popular, because it is statistically sound and professionally developed. Also, ISAT was designed to measure



student achievement on knowledge and skills related to Illinois state goals for learning, while the ACT is a standardized test designed to assess student performance on basic skills as interpreted by national norms. In other words, the ISAT describes how local students are performing on Illinois priorities for learning. The following describes ISAT interpretation:

ISAT data from the districts for the past one or two years, depending on the test, were examined to establish the degree of similarity and nature of differences in student performance. The percentages of district students who meet or exceed the state standards in specific subjects are recorded below. These data are presented in the following tables and are the basis of conclusions about district achievement. The percentages displayed here represent the sum of all ratings of “meets” and “exceeds” state standards. It should be noted that the number of scores in the “academic warning” and “below” standards categories are not noted here, but can be found in the School Report Card data. As the ISAT phases out, the Common Core and PARCC is now the focus for state assessments.

In the last few years, Illinois joined more than 40 states in a collaborative effort to raise learning standards and improve college and career readiness for all students, regardless of where they live. The new Common Core State Standards establish clear expectations for what students should learn in English/language arts and mathematics at each grade level. The standards are high, clear, and uniform to ensure that students are prepared for success in college and the workforce (Illinois State Board of Education, retrieved, March 25, 2016).

By emphasizing depth over breadth, the Common Core ensures that students have comprehensive understanding of key concepts. Illinois adopted the Common Core in 2010 and teachers and administrators across the state fully implemented the new standards during the 2013-14 school year. Schools should have incorporated elements of the new learning standards into their curricula by now. The Common Core determines what educators should teach, not how they should teach. Teachers will continue to have the freedom to tailor lesson plans to the individual needs of their students. The Common Core's higher standards and emphasis on applying knowledge to real world situations will better prepare Illinois students for the challenges facing them after high school graduation.

Partnership for the Assessment of Readiness for College and Careers (PARCC) Illinois has adopted the new K-12 Common Core State Standards in English and math and are pooling their resources for an internationally benchmarked assessment system. New standards in other subjects are being developed, too. Students who score proficient on the assessments will be on track for success in college and the workplace. Younger elementary students will demonstrate they are on pace for high school.

The new online assessments, which were administered for the first time in the 2014-15 school year, will be better aligned with higher education demands. More than 200 higher education institutions across the 26 states have committed to participate in the partnership and will contribute to the design of the high school assessments (Illinois State Board of Education, retrieved, March 3, 2016).

Compared to traditional tests, the online assessments aim to engage students in more meaningful demonstrations of their knowledge and understanding. The intent of the

New Learning Standards is to incorporate more real-world situations so students can learn important skills to utilize in the workplace and higher education.

The online assessments will also provide teachers and administrators more feedback on student progress from K-12, allowing for them to better target and adjust instruction.

Students and parents will also benefit from more information about performance compared to achievement standards, as well as state comparisons.

I

**PARCC Performance  
Percent of students Meeting or Exceeding Standards  
By grade in ELA & Math**

Grade 3	Hillsboro	Litchfield	Panhandle
<b>ELA</b>			
2016	30	18	28
2017	43	21	28
2018	28	18	33
<b>Math</b>			
2016	38	38	39
2017	46	23	21
2018	36	29	33

Grade 4	Hillsboro	Litchfield	Panhandle
<b>ELA</b>			
2016	36	25	32
2017	30	20	14
2018	42	23	31
<b>Math</b>			
2016	31	15	20
2017	29	5	6
2018	27	18	7

Grade 5	Hillsboro	Litchfield	Panhandle
<b>ELA</b>			
2016	40	35	35
2017	44	30	32
2018	46	35	39
<b>Math</b>			
2016	37	27	41
2017	28	18	42
2018	37	9	45

Grade 6	Hillsboro	Litchfield	Panhandle
<b>ELA</b>			
2016	31	34	18
2017	35	47	45
2018	49	48	39
<b>Math</b>			
2016	25	15	18
2017	36	17	24
2018	26	15	23

Grade 7	Hillsboro	Litchfield	Panhandle
<b>ELA</b>			
2016	40	50	18
2017	38	65	28
2018	47	65	29
<b>Math</b>			
2016	24	14	27
2017	18	21	24
2018	28	24	23

Grade 8	Hillsboro	Litchfield	Panhandle
<b>ELA</b>			
2016	40	56	38
2017	25	49	24
2018	28	49	13
<b>Math</b>			
2016	24	27	47
2017	20	16	50
2018	17	26	29

**High School  
SAT Performance Levels  
Grade 11  
Number Achieving**

	<b>Hillsboro</b>	<b>Litchfield</b>	<b>Panhandle</b>
2017	48%	27%	39%
2018	32%	12%	24%

The Scholastic Aptitude Test (SAT) is now used in Illinois to assess high school students beginning in the 2017-18 school year.

As of the March 5, 2016 exam, the SAT is completely redesigned, revamped, refurbished. The differences between the former SAT and the newly redesigned SAT are many and varied. The essay is optional, the best score is 1600, vocabulary is no longer at the forefront, the verbal and math sections test new content in new ways, and – my favorite – you no longer lose points for getting a question wrong.

**High School  
Science Assessment  
Percentage Proficient**

	<b>HHS</b>	<b>LHS</b>	<b>Lincolnwood</b>	<b>State</b>
2017	42%	44%	54%	51%
2018	32%	44%	59%	51%

\*new in 2017

**Part 5: Technology Resources (Computer Technology)**

Summary of Technology Resources

- The current and planned technology resources across the three districts provide a variance of access to computers in every classroom. The difference is the number of computers in each classroom (ranging from 1 to 3). All three districts have added new hardware, smart boards, and mobile laptop labs to their facilities. A reorganized district would not have to address any inadequacy in classroom computers, but might choose to consider adding computers to some classroom over time to reach equivalency.

- A reorganized district would be completely connected to the World Wide Web without additional resources.

### Technology Resources

	<b>Hillsboro</b>	<b>Litchfield</b>	<b>Panhandle</b>
K-5	Beckmeyer- 2 labs 9 Chromebook Labs iPads (K-2)  Coffeen- iPads, Chromebooks, Desktops, Smartboards, online programs	Prometheans Boards, Document Cameras, Chromebooks, & Laptops.	Smart Bds Ipads STEM Products, 3d Printers, ELMO machines.
6-12	1 lab (JH) 2 labs (HS) Skyward Access	(MS) Promethean Boards, Chromebooks, Google Classroom.  (HS) Promethean Boards, Chromebooks, Google Classroom	Laptop carts, Computer Labs, iPads.
Technology Coordinator	1 (K-12)	1 (K-12)	1 (K-12)
Teacher Hardware	1 for each teacher	1 for each teacher	1 for each teacher
Classroom Hardware	1-3 per room	1-3 per room	1-3 in each room





### *Part 6: Effects of Reorganization on Curriculum*

Based on the previous discussion and findings of this section, the study suggests three areas of consideration for the effects on the curriculum which reorganizing the existing 3 districts into a single PK- 12 district or any combination of two districts would have impact. These considerations should be viewed as possible impact of reorganization, rather than definite realities, and represent solely the interpretation of research and practice by one external curriculum consultant. The actuality of what a reorganized district will be rests with the districts themselves.

#### Curriculum/Programmatic Considerations

- The High School & Junior High curricula could be enhanced with courses already offered at current high school sites:
  - Students would have the option of two **Foreign Languages** in Spanish 1-4 & Latin 1-2.
  - Combine and expand the **Family & Consumer Sciences** program from all high schools.
  - Combine **Agricultural** courses currently offered at all three high schools.
  - Combine **Industrial Technology** programs from Hillsboro and Litchfield.  
\*Consider the development an Industrial Technology Center to offer courses to other local high schools.
  - Combine Dual Credit Courses in **English** from Litchfield and Hillsboro.
  - Add course in Probability & Statistics to the **Math** Department from Lincolnwood High School.
  - Add entire **Business** Department curriculum to a combined high school from Litchfield High School.

- Planning time would be needed to discuss and determine high school graduation requirements. Recommendation-consider adding more requirements to the following departments:

4 credits	English
3 credits	Social Studies
3 credits	Mathematics-Algebra I & Geometry I required
3 credits	Science
1 credit	Fine Arts or Foreign Language
1 credit	Technology courses
4 credits	Physical Education
	Electives

- Existing special education program and services received by students would be affected by the reorganization. If the districts which reorganized utilize different cooperatives, one would have to be chosen over another. Services may have to be redistributed depending on the need.
- The existing early childhood programs could continue to meet the needs of children ages' 3-5, as they are currently offered.
- The existing overall PK-8 organization of grades into PK-5, and 6-8 among the two or three districts could be continued in a reorganized district, although how these grades are housed in the various buildings/sites could be subject to change.
- Grading scale differences and textbook adoption schedules will have to be resolved to offer more cohesion in a newly merged district.
- Localized assessments previously developed by each district will have to be evaluated to determine which assessments will be utilized district-wide.

### Enhancements to Curriculum

- Develop a long-range instructional plan much like what is currently has in place, to improve state scores across all districts PK-12 will need further consideration for resources in teacher training and on-going student assessment before testing dates occur. Re-map curriculum, design new localized assessments, and develop a new textbook adoption schedule to help improve this process along the way would be most beneficial.

- Articulation between PK-5, 6-8, and 9-12 teachers would improve with a unit district because the view of curriculum would shift from several segments to a single comprehensive PK-12 curriculum. It is typical not only in these three districts for separate elementary and middle schools to have minimal or non-existent communication among levels. A PK-12 district affords the important and influential perspective of how children learn from the start of their public school experience in Pre-Kindergarten through high school.
- With the establishment of PK- 12 articulation could improve alignment of the curriculum in two ways. First, the curriculum in each subject across PK to 12 is sequenced from grade to grade. Second, the focus of the curriculum can be considered from the entire spectrum of state expectations for learning (i.e., Illinois Learning Standards). Thus, K- 12 articulation produces a coordinated curriculum within the unit district and a standards-oriented curriculum as mandated by ISBE.

## **SCHOOL ENROLLMENT HISTORY AND FORECAST**

### *Introduction*

School enrollment history and a forecast for future enrollment are important factors to calculate when two or more districts are considering the viability of reorganization. Projected increases or decreases in enrollment impact the number and types of buildings needed, the breadth of the curriculum and the level of financing that will be required. Transportation can also be impacted as the number of buses and routes required to meet the student needs is directly related to the sized of the student population. The building and transportation needs will be addressed in separate sections later.

### *Census Bureau Data*

In developing this study, data from the U.S. Census Bureau and student enrollment provided by each of the districts was used. While the census data is relatively accurate, it is compiled by counties and not by school districts and this requires analysis and manipulation of the data so it will be meaningful. Table 1 shows the Census Bureau population figures for Montgomery County from April 1, 2000 to July 1, 2016. The population in Montgomery County decreased by 1,700 over this period. The decreases is consistent with the student population decrease in two of the school districts while Litchfield High School projects an increase. It should be noted that the student population at Litchfield Elementary is projected to decline over the next five years which will ultimately impact the high school numbers.

TABLE 1  
 Census Bureau Population  
 Montgomery County

COUNTY	Population Estimates			
	2016 (est)	2010	2000	GAIN/LOSS
Montgomery	28,952	30,104	30,652	-1,700

Table 2 provides a more focused picture of the population trends for the communities within this study. Census data indicates a loss of fifty-two (-52) individuals for Coffeen, seventy-four (-74) for Farmersville and three (-3) for Litchfield. Raymond has gained 37 individuals and all of these numbers are skewed by the very large increase of 1,712 for Hillsboro.

TABLE 2  
 Village Population  
 2000 to 2016

VILLAGE	Population Estimates			
	2016 (est)	2010	2000	GAIN/LOSS
Coffeen	657	685	709	-52
Farmersville	694	724	768	-74
Hillsboro	6,071	6,207	4,359	1,712
Litchfield	6,812	6,939	6,815	-3
Raymond	964	1,006	927	37
<b>TOTAL</b>	<b>15,198</b>	<b>15,561</b>	<b>13,578</b>	<b>1,620</b>

Using the number of live births in Montgomery County provides a base from which to develop a percentage that helps predict the number of students who will enter Kindergarten in the school districts. These live birth numbers, shown in Table 3, are

combined with other factors such as housing increases, industrial growth and the general economic status of the region to make Kindergarten projections.

TABLE 3  
Live County Births

COUNTY	LIVE BIRTHS							
	2011	2012	2013	2014	2015	2016	2017	2018
Montgomery	302	303	301	310	260	323	289	305

<http://www.dph.illinois.gov/data-statistics/vital-statistics/birth-statistics>

The number of live births in Tables 3 were divided into the enrollments of the districts they represent in this study resulting in a ratio/percentage of births to kindergarten population and kindergarten to first grade (Table 4). The three-year average was determined and these percentages were applied to the live-birth statistics provided by the Census Bureau to project enrollments for 2019-20 to 2020-24 Kindergarten students. The factors used were Raymond (11.15%), Hillsboro (35.98%) and Litchfield (33.22%) to project the Kindergarten enrollment.

TABLE 4  
Ratio of Live Births  
to  
Kindergarten Population

K PROJECTION PERCENTAGES FROM LIVE BIRTHS			
Raymond	Hillsboro	Litchfield	YEAR
12.25%	42.38%	29.14%	2016-17
9.57%	33.33%	35.97%	2017-18
11.63%	32.23%	34.55%	2018-19
11.15%	35.98%	33.22%	AVERAGE

## Enrollment History

Enrollment history for each of the school districts within this study is provided in order to determine the patterns of growth that has occurred over the past three years (Table 5). This data is shown by total elementary (Pre-K to 8) and total for the high schools. The total Pre-K to 8 student population has decreased by 72 from 2016-17 to 2018-19 and is projected to continue this decrease for the next five years with an additional loss of 391 students by 2020-24.

Individually, Raymond/Farmersville saw a decrease of 8 students since 2016-17 and is projected to see a further reduction of twenty-nine (-29) over the next five years. Hillsboro has seen a reduction of sixth-six (-66) students in the past three years and is projected to see a reduction of an additional 241 students. Litchfield shows a similar patten with a loss of two (-2) student over the past three years and a projected reduction of 121 students over the next five years. These ongoing reduction in numbers will relate to continued decreases at the high school level.

Table 5  
Summary of Elementary Student Enrollment

YEAR	Raymond/ Farmersville	Hillsboro	Litchfield	TOTAL
2016-17	352	1266	1018	2636
2017-18	344	1233	1037	2614
2018-19	344	1200	1020	2564
PROJECTED				
2019-20	331	1045	997	2372
2020-21	328	1000	968	2296
2021-22	323	967	947	2237
2022-23	320	947	905	2172
2023-24	315	959	899	2173

The three high schools in this study reflect a similar pattern of decreasing student populations as shown in Tables 6 and 7. For this study, table 6 lists all three high schools while table 7 list Litchfield and Hillsboro. When combined, all three high schools saw a reduction on 23 students over the past three years and a projected loss of 54 students over the next five years.

When analyzed separately, Lincolnwood lost 3 students over the past three years and is projected to lose and additional eight (8) students in the next five years. Hillsboro lost two (-2) students over the past three years and is projected to lose forty-four (-44) students over the next five years. Litchfield has seen a student reduction of twenty-two (-22) students over the past three years with this trend ended over the next five years with a projected loss of one more students during this time.

Table 6  
Summary of high school student enrollments

YEAR	Lincolnwood	Hillsboro	Litchfield	TOTAL
2016-17	155	505	417	1077
2017-18	151	530	406	1087
2018-19	152	507	395	1054
PROJECTED				
2019-20	157	463	397	1016
2020-21	153	441	409	1003
2021-22	153	440	395	987
2022-23	146	438	411	996
2023-24	140	463	396	1000



Table 7  
Summary of high school student enrollments

EAR	Litchfield	Hillsboro	TOTAL
2016-17	417	505	922
2017-18	406	530	936
2018-19	395	507	902
PROJECTED			
2019-20	397	463	860
2020-21	409	441	850
2021-22	395	440	835
2022-23	411	438	850
2023-24	396	463	860

Table 7 shows the totals for only Litchfield and Hillsboro with the combined high school totals showing a reduction of 20 students over the past three years and an additional loss of forty-two (-42) students projected over the coming five years.

The methodology by which these projections were made will be discussed in the following section with data sheets and graphs provided for further clarification.

*Cohort Survival Projection Methodology*

A projection for future enrollments was made using the cohort survival method which has been shown to be the most reliable projection method and is the method used by the Census Bureau. This method uses the historical records for a cohort (e.g. first grade) and determines what percentage of this cohort survives (moves on) to the next cohort (e.g. second grade). Kindergarten projections were made using live birth data from six years earlier and comparing this to the number of children who registered for kindergarten five years later. The percentage factors used for each grade were determined by looking at the five-year growth percentages and are shown in Table 8.

**TABLE 8  
PERCENTAGE FACTORS FOR GROWTH PROJECTIONS**

ENROLLMENT PERCENTAGE PROJECTIONS RAYMOND-LINCOLNWOOD												
K	K TO 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10	10 to 11	11 to 12
11.15%	98.39%	87.68%	111.85%	102.00%	94.19%	95.74%	95.04%	102.80%	116.89%	92.59%	97.37%	90.73%

ENROLLMENT PERCENTAGE PROJECTIONS HILLSBORO												
K	K TO 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10	10 to 11	11 to 12
35.98%	96.92%	99.80%	95.00%	96.16%	99.59%	98.41%	101.83%	100.98%	113.30%	84.02%	89.00%	92.70%

ENROLLMENT PERCENTAGE PROJECTIONS LITCHFIELD												
K	K TO 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10	10 to 11	11 to 12
33.22%	92.89%	97.14%	84.54%	108.42%	93.56%	110.43%	103.52%	102.48%	89.91%	99.10%	89.67%	81.43%

The percentages shown in Table 7 should be interpreted as follows. Any percentage less than 100% indicates the number of students moving from one grade to the next was less over the period of time in this study and any number above 100% indicates an increase of students during that transition.

Once the growth percentage factors were determined, they were applied to the individual districts and the results of these projections are on the following pages. Table 9 shows the current and projected numbers for Raymond-Lincolnwood, Table 10 reflects the calculations for Hillsboro and Table 11 shows the totals for Litchfield. Figure 1 is a graphic display of the student populations that visually demonstrates the level of student enrollment for each district.

**TABLE 9  
CURRENT AND PROJECTED STUDENT POPULATIONS  
RAYMOND/LINCOLNWOOD**

Raymond Farmersville Enrollment by Grade												
YEAR	Pre-K		K	1 2 3 4 5					6 7 8			TOTAL
	Pre-K	Spec Ed		1	2	3	4	5	6	7	8	
2014-15	34	2	32	42	38	42	38	32	40	40	39	379
2015-16	34	5	26	27	45	36	40	36	31	37	37	354
2016-17	37	3	37	28	27	44	35	37	34	29	41	352
2017-18	37	2	29	41	25	28	42	36	36	37	31	344
2018-19	37	3	35	26	24	43	36	37	34	31	38	344
PROJECTED												
2019-20	32	3	35	34	23	27	44	34	35	32	32	331
2020-21	39	2	29	34	30	25	27	41	32	34	33	328
2021-22	35	3	36	29	30	34	26	26	40	31	35	323
2022-23	37	4	32	35	25	33	34	24	25	38	32	320
2023-24	36	2	34	32	31	28	34	32	23	23	39	315

Note: The highlighted 41 is there because it drops significantly when they enter the 2<sup>nd</sup> grade

LINCOLNWOOD HIGH SCHOOL					
	9	10	11	12	TOTAL
2014-15	37	37	40	30	144
2015-16	40	37	39	34	150
2016-17	46	40	37	32	155
2017-18	39	38	35	39	151
2018-19	48	35	37	32	152
PROJECTED					
2019-20	44	44	34	34	157
2020-21	37	41	43	31	153
2021-22	39	34	40	39	153
2022-23	40	36	34	36	146
2023-24	37	37	35	30	140

TABLE 10  
CURRENT AND PROJECTED STUDENT POPULATIONS  
HILLSBORO

HILLSBORO												
	Pre-K	Birth to 3	K	1	2	3	4	5	6	7	8	TOTAL
2014-15	196		128	128	148	141	110	127	133	135	125	1371
2015-16	191		130	131	139	147	133	110	131	158	164	1434
2016-17	155	15	128	108	120	118	133	125	106	117	141	1266
2017-18	165	14	101	129	113	115	112	140	123	102	119	1233
2018-19	161	15	97	104	123	114	123	111	134	125	93	1200
PROJECTED												
2019-20	0	15	112	94	104	117	110	122	109	136	126	1045
2020-21	0	15	94	108	94	99	112	109	121	111	138	1000
2021-22	0	14	116	91	108	89	95	112	107	123	112	967
2022-23	0	14	104	113	90	102	86	94	110	109	124	947
2023-24	36	15	110	101	112	86	99	85	93	112	110	959

HILLSBORO HIGH SCHOOL					
	9	10	11	12	TOTAL
2014-15	158	109	142	132	541
2015-16	160	136	112	117	525
2016-17	178	121	108	98	505
2017-18	161	152	104	113	530
2018-19	123	143	137	104	507
PROJECTED					
2019-20	105	103	127	127	463
2020-21	143	89	92	118	441
2021-22	156	120	79	85	440
2022-23	127	131	107	73	438
2023-24	140	107	117	99	463

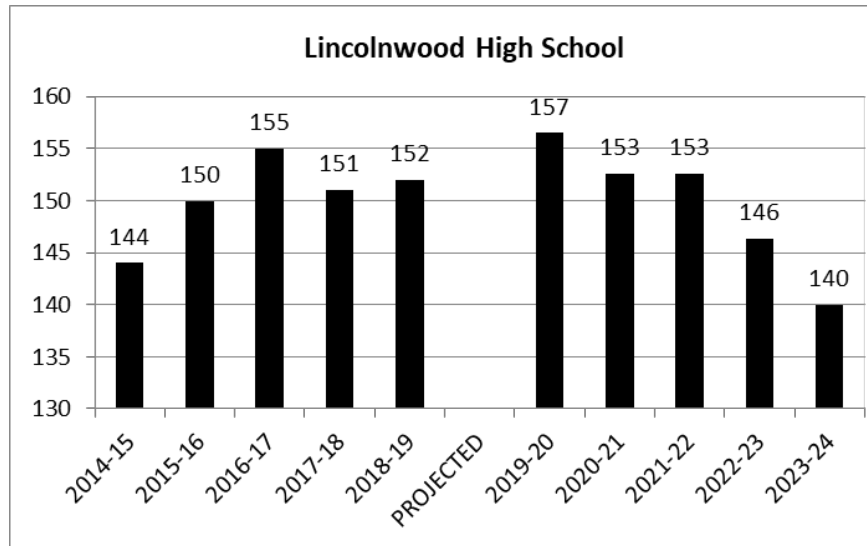
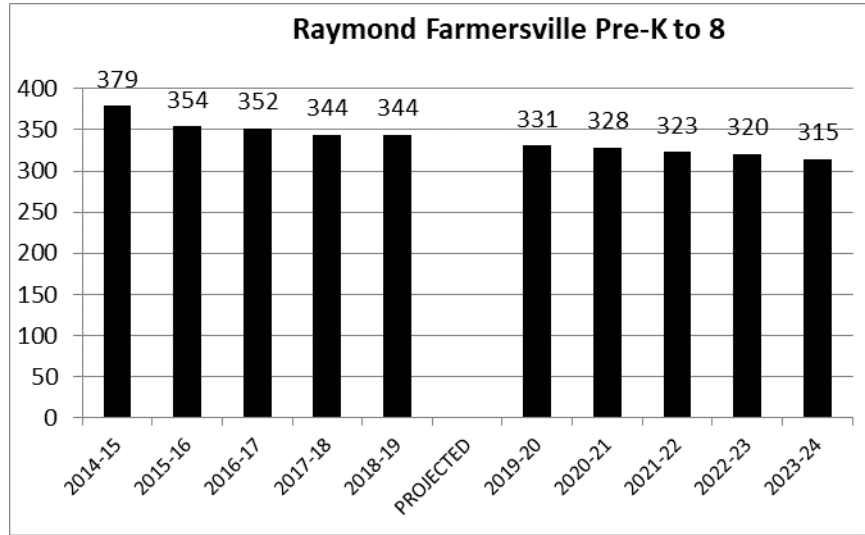
Note: The drop from 142 to 117 is significant.

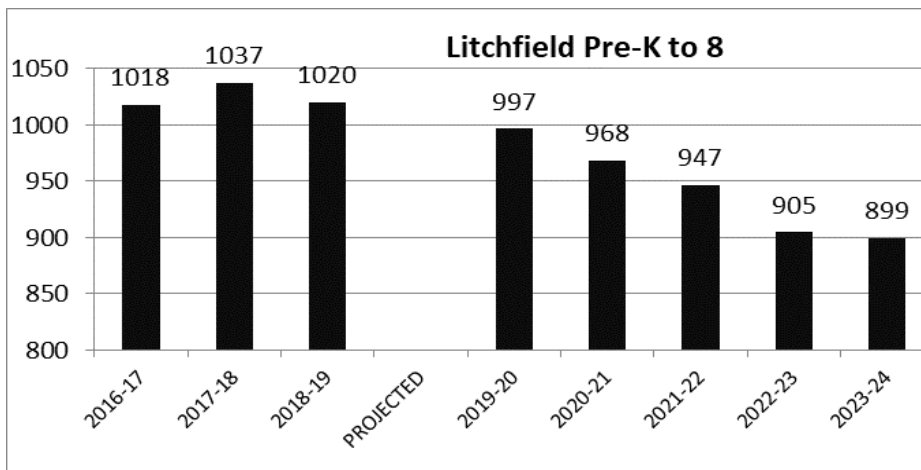
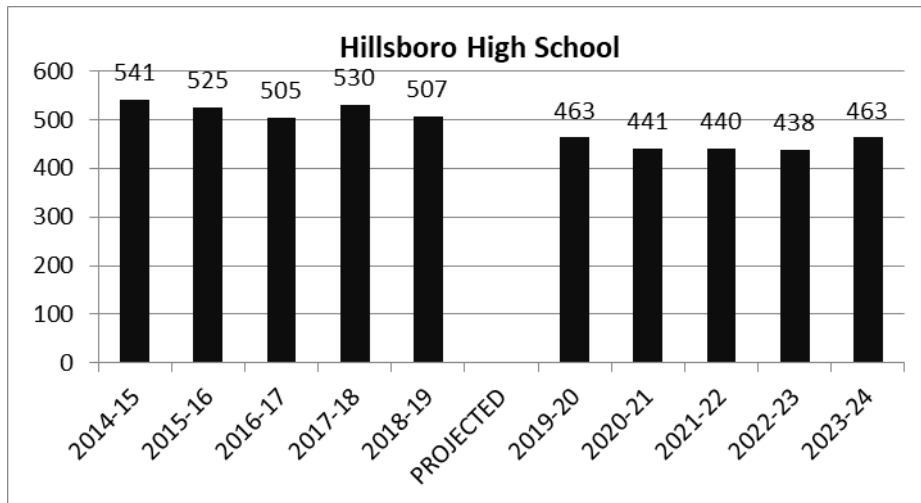
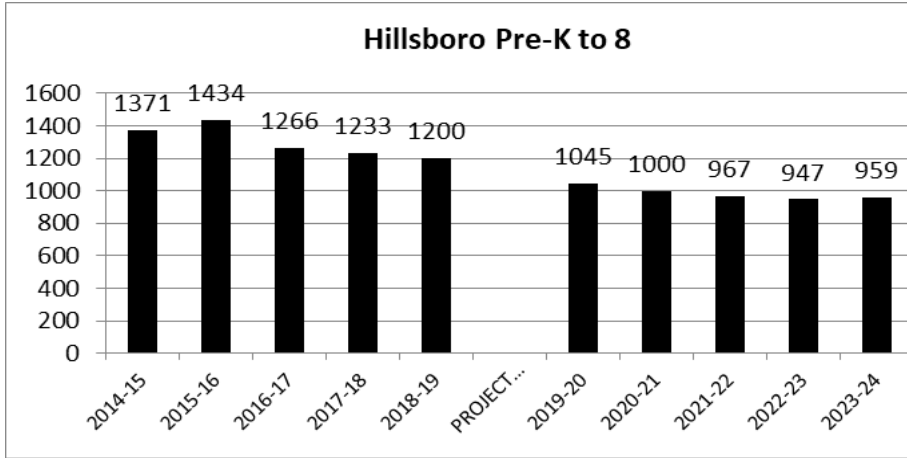
**TABLE 11  
CURRENT AND PROJECTED STUDENT POPULATIONS  
LITCHFIELD**

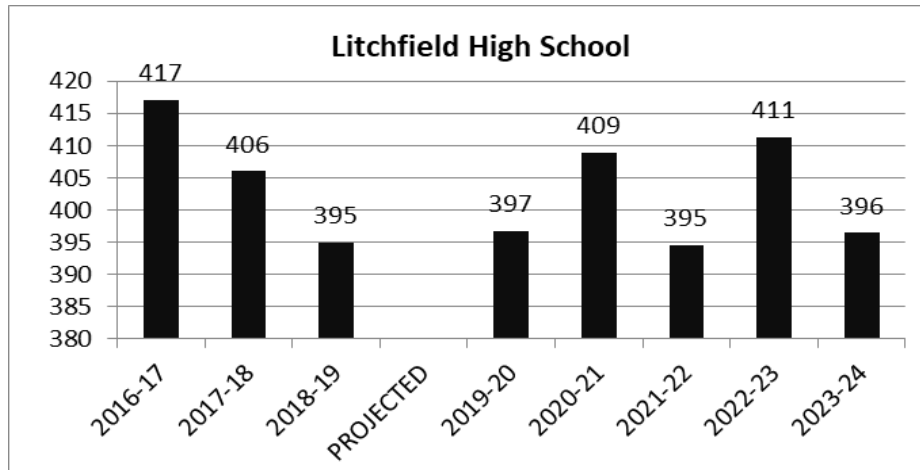
	MADISON PARK				J D COLT			IDA J RUSSELL		LITCHFIELD M. S.			TOTAL
	Pre-K	Prek Sped	K	1	2	3	4	5	6	7	8		
2016-17	105		88	92	116	104	116	107	99	91	100	1018	
2017-18	112		109	83	91	86	117	104	128	111	96	1037	
2018-19	105		104	100	79	89	89	114	105	124	111	1020	
PROJECTED													
2019-20	92		103	97	97	67	96	83	126	109	127	997	
2020-21	114		86	96	94	82	72	90	92	130	111	968	
2021-22	102		107	80	93	79	89	68	100	95	134	947	
2022-23	107		96	100	78	79	86	83	75	103	98	905	
2023-24	105		101	89	97	66	85	80	92	77	106	899	

LITCHFIELD HIGH SCHOOL					
	9	10	11	12	TOTAL
2016-17	109	108	116	84	417
2017-18	114	105	94	93	406
2018-19	104	116	97	78	395
PROJECTED					
2019-20	100	103	115	79	397
2020-21	114	99	102	94	409
2021-22	100	113	98	83	395
2022-23	120	99	112	80	411
2023-24	88	119	98	91	396

FIGURE 1  
GRAPHIC SUMMARIES FOR STUDENT PROJECTIONS







### Enrollment Summary

Enrollment is an important factor in determining whether or not to go forward with a proposed merger. The results of these projections show that the student population will steadily decrease over the next five years. The indicators of live births combined with the historical enrollment records are the basis for this projection. For this study, the summary analysis will concentrate only on the high schools as this is the focus defined for the study

### Combining all three high schools

Combining all three districts would form a high school unit that would be at the 1,000 student range which is considerable larger than any of the high schools in this study. This student population cannot be accommodated in any of the existing high schools and would require the construction of a new building. Housing for the high school students will be addressed in greater detail in the building analysis section.



### Combining Hillsboro and Litchfield

Combining these two high schools would result in a student population of 900 which is not much smaller than combining all three. The major difference here would involve transportation which will be addressed in that section.

## DISTRICT FACILITIES

When school officials and the voters of different school districts are considering the issue of reorganization, the need to fully understand the condition, usability and capacity of the buildings within the district is imperative. This section will review and summarize these areas by district and building in order to provide this information to the boards and voters.

### HILLSBORO

Hillsboro School District houses students in two communities with the Middle School (6-8), High School, and Beckemeyer Elementary (K-5) located in Hillsboro. A Pre-K to 5 elementary is located in Coffeen and this building also houses the Early Childhood program. The original high school building was built in 1920 with additions made in 1939, 1954, 1960, 1967 and 2002 according to the 2017 10-year Health Life Study report. This report provides the following details of the 136,495 square foot high school structure:

- 1920 building: 2 stories plus a basement
- 1939 Gymnasium addition: basement with classroom wings (1967) on each side
- 1954 – Bus Garage and Ag building
- 1960 Cafeteria/classroom building
- 1967 – Shop/classroom addition
- 2002 – Choir/classroom addition

The Category A items total \$23,700 and total cost of all repairs, based on the 2017 HLS report, is \$709,712. The high school has window air-conditioning units. The boiler is old but meets the needs of the building. There is an elevator in the building making it

handicapped accessible. The students must leave the building to go to the cafeteria, agriculture building, gymnasium, and the choir and band rooms which are housed in the wings of the gymnasium. The location of the band room makes it handicapped inaccessible.

The industrial arts (I. A.) area, located under the gymnasium, is currently not used for anything other than storage. It is a very large area and still has much of the equipment and machinery that could be used for an I.A. program.

There is a large weight room in this building, a business tech classroom, family consumer science, a computer lab and a renovated referee's room.

The agriculture building is separate from the high school and also houses the driver's education classroom. Another separate building is the library/cafeateria which is located next to the high school. The cafeateria is located in the basement of the library and there are two lunch periods for the students. The room is very colorful and has an attractive mural. The library has a very comfortable atmosphere and houses the Chrome Books for the students.

The campus is large and attractive but the issue for the district is the high school has reached its limit as far as meeting all the needs of the students. A new facility would provide the students with state of the art rooms and technology but this would require the construction of a new building that could not only accommodate the existing Hillsboro students but those from Litchfield (395) and Lincolnwood H.S. (157) should either of these districts choose to join Hillsboro as a unit district. The cost for this will be presented later.

Hillsboro Junior High School houses students in grades 6 through 8. The original building (1954) had a number of additions to include

Band room – 1960

Classroom addition – 1980

Gym/classroom – 1997

Cafeteria Building – 1960

Shop building - 1960

A chair lift makes the building handicapped accessible and it is air conditioned. There are three lunch periods.

Beckmeyer Elementary (K to 5) was constructed in 1978 with a gymnasium addition made in 2002. The building has four sections for each grade and six special education classrooms. It is fully air-conditioned, has a very attractive entrance area and a garden courtyard. There are two computer labs, a large playground and a 1/3-mile concrete track that is used on a regular basis by the community. There is a gym/cafe and a second gym to provide the necessary space for the students. The library is an open concept and very bright and attractive. All rooms are full in this building.

Coffeen Elementary (K-5 + Pre-K) is fully air-conditioned and the original building was constructed in 1952 with a school addition in 1979. There is one class per grade and there are no empty rooms in the building. There is a large gymnasium and a cafeteria/music room. A grant from the state provided funds for a very nice playground. There is a small library and the building contains a sensory room. Kindergarten is a full time program and there is a Birth to 3 program offered on Wednesdays.

## LITCHFIELD

Litchfield High School/Junior High are located on the same campus and are physically connected. All HLS items will be addressed by July 2019 with a projected cost of \$385,000 to complete these areas. Both schools are air-conditioned except for the gymnasium. The high school has a separate area for the building trades, woods and auto shop. The principal mentioned a desire for a county-wide vocational center and indicated they have the room for it. This fits into the scenario that was addressed in the transportation section.

There are no empty rooms in the building. There are two lunch periods and the high school and junior high share the library and cafeteria. The football field has an eight-lane all-weather track around it and is located between the high school and the shop/vocational area. If the high school students were transported to a new consolidated high school this would allow the students from grades 2 through 5 to move into the existing high school. This would provide a number of options for the district to consider as to how to best use the buildings and which ones to close. The negative side of this would be the loss of the vocational areas, and the football field and track area which currently exist. These could be used by the junior high or the newly built high school if this was determined to be a feasible plan.

Litchfield M.S. is fully air-conditioned and has no empty rooms. There are five sections for each grade level and a sixth grade wing keeps these students separated from the junior high students. There is one lunch period, a large science lab and a large gymnasium which can be divided by a curtain when needed.

J.D. Colt elementary houses 168 students in grades two and three. There are no

rooms available and it is handicapped accessible. There is a music/art room and a cafeteria/gym combination. A new heating system is in this building and the hall floors are also new.

Ida Russell Elementary houses 203 students in grade four and five. It is fully air-conditioned, has no empty rooms and is handicapped accessible. There are new floors in the cafeteria and gymnasium.

### PANHANDLE CUSD #2

The students in K – 12 are housed on one site with all buildings connected. The construction has been ongoing with the original building constructed in 1958. Additions were made in 1969 and 2014. The high school needs a new roof (\$766,000) and the high school auditorium needs a roof as well (\$121,000). All of the building is handicapped accessible, all have air-conditioning, and all rooms are in use. The high school has a large agriculture shop /construction area. Two gyms provide ample space and flexibility for the physical education program. A huge auditorium is located here as is a large library. The high school is a 1/1 system. In addition to this one-campus facility there is Farmersville Grade School which was constructed in 1958 and houses 120 Pre-k to first grade students. It is located 13 miles from Raymond and all students in grades Pre-k and K attending school here. If the district chose to join with Hillsboro at the high school level, this would open up the building and the students who currently attend school in Farmersville could go to school in Raymond and reduce the bussing time and cost.

## ALL THREE DISTRICTS COMBINED AT THE HIGH SCHOOL LEVEL

This scenario would see the need to build a new building in Hillsboro or at the Butler-T junction. Either option locates the new structure between the other communities. Hillsboro has the largest high school student population which is important to keep in mind given the need to transport students when high schools join together. This scenario would free up the high school space in Litchfield and Raymond which is a positive. It would create a situation in which the newly formed district would need to determine what to do with the existing vocational areas in these districts. The machines could be transferred and the creation of a large county-wide vocational program could be possible. The cost of this would need to be determined and balanced with the reduced cost if they no longer need to transport to the vocational center. This was addressed in the transportation section of this report. The cost for this new high school construction is estimated to be \$61,000,000. This estimate is for all three schools and a total enrollment of 1,081. The estimate includes the following items which could potentially be reduced if these items already existed. The Master Budget Plan and Program for Space Needs can be seen in Appendix 3 and 4.

Moveable equipment and furniture	\$1,096,015
----------------------------------	-------------

Technology	\$1,572,985
------------	-------------

## LITCHFIELD AND HILLSBORO COMBINE

This presents the same situation as the three school combination and the same concerns as well as potentially positive improvements. Litchfield could move their students in grade 2 through 5 into this building making a large elementary/middle school. This would provide flexibility for which building to close and how to best use

them for the benefit of the students. These are decisions the new board would need to address should these districts become one. The creation of a large vocational center could occur using the machines and tools that currently exist in both district. Again, if this was to occur and full and careful study would need to be made as to the short and long term cost and the potential for saving over a long period of time.



## TRANSPORTATION CONSIDERATIONS

When considering the merger of two or more districts, transportation concerns tend to center around the length of the bus routes, the amount of time students will be on the buses, whether shuttles between towns or districts will be needed and whether transportation costs will be reduced or increased and by how much. This study will address these concerns and begins with information about the transportation programs of the districts in this study. All data for this section was obtained from the transportation reports provided by each district. The complete summary is found in Table 7 which immediately follows this section.

All districts in this study own their busses and the fleet size reflects the size of each district and the number of students who require transportation (Table 1). If these districts combined, the buses and vans would be combined into one fleet and the newly formed district would determine how many are still needed to meet the student transportation needs.

TABLE 1  
DISTRICT FLEET SUMMARY

	Hillsboro	Litchfield	Panhandle
# Buses	34	15	9
# Vans	4	4	3
Type of Program	Own	Own	Own

TABLE 2  
REGULAR ROUTE EXPENDITURES

Regular Route Information			
	Hillsboro	Litchfield	Panhandle
# Students Transported	1206	553	429
Cost	\$629,498	\$426,562	\$259,273
Cost/student	\$522	\$771	\$604
Regular Route Miles	237839	220506	91244
Cost/mile	\$2.65	\$1.93	\$2.84

Table 2 shows the total cost for each district. The cost per pupil and per mile for the regular routes varies for the districts and this cost is dependent upon the location of the students with very little control over these costs by each district. The average cost per student for the three districts was \$633 with Litchfield reporting the highest rate and Hillsboro the lowest. This is in direct relation to the numbers of students and miles and is no reflection on the care taken by either district. *Should these districts reorganize into one district there would be additional expenses and these will be shown at the end of this section.*

The special education route costs (Table 3) would not be impacted if these districts combined. The final total would be dependent upon the location of the students and the numbers to be transported each year and, while this could affect the final totals, it would not be at a significant level.

TABLE 3  
SPECIAL EDUCATION TRANSPORTATION SUMMARY

Special Education Information			
	Hillsboro	Litchfield	Panhandle
# Students Transported	64	42	4
Cost	95,245	150,802	17,759
Total miles	31,517	45,507	6,782
Cost/student	\$1,488.20	\$3,590.52	\$4,439.75
Cost/mile	\$3.02	\$3.31	\$2.62

Table 4 shows the vocational costs of transportation. There would likely be a small reduction here since combining these schools would result in the use of one bus. It is important to note the economy of scale for Hillsboro compared to the other schools. They have more students attending the vocational school and, although they spend more total money, their per student rate is much lower. Their rate per mile is higher and, the rate per mile for Panhandle is inordinately low. In fact, lower than any school in any study that I have ever performed. I have no explanation for this rate but thought it was worthy of note!

It these district combined as one OR if Litchfield and Hillsboro combined they could expand upon their current offerings and potentially remove the need to transport these students. If this was something the newly formed district considered as a possibility, a study would need to be conducted to determine the cost for developing the space for this and providing the necessary tools and instruction in order to determine if this was fiscally feasibly in the long-term.

TABLE 4  
VOCATIONAL EXPENDITURES

Vocational Transportation Information			
	Hillsboro	Litchfield	Panhandle
# Students	50	7	8
Total Miles	9119	5353	21,786
Total Cost	\$24,632	\$11,687	\$6,696
Cost/mile	\$2.70	\$2.18	\$0.31
Cost/student	\$493	\$1,670	\$837

Table 5 shows the total expenditures for all transportation for each district. These costs are reflective of the size difference between the two districts and will change should these districts form a K-12 Unit District. The changes will be discussed in the summary.

TABLE 5  
TOTAL TRANSPORTATION COST SUMMARY

	Hillsboro	Litchfield	Panhandle
TOTAL COST - ALL AREAS	\$856,175	\$610,973	\$355,595

This reorganization would result in additional expenses to the transportation costs based upon the transportation of the students to the new high school location. This presents a challenge for determining the increased cost since the potential location of the new high school cannot be known at this time. The distances between the communities are:

Raymond to Litchfield - 17 miles

Raymond to Hillsboro - 13 miles

Hillsboro to Litchfield - 9 miles

There is no “common area” that is equal distance from the three communities.

So, for this part of the study, the transportation costs are figured in two ways. The first is as if Hillsboro was where the high school would be located if all three schools combined. The second is if a new facility was built at the Butler-T junction. The first option results in the fewest number of high school students being transported. Table 6 shows the total additional cost for transportation as being \$44,649. The number of students to be transported was determined by taking half of the population for each transporting district since this is approximately the percentage that cannot/will not drive their own vehicle to school.

Table 6  
Additional transportation costs – All three schools

Unit District				
		Miles to Hillsboro (one way for the other two schools)	Number of busses required (75 from Lincolnwood; 200 Litchfield)	Additional cost (Miles between schools x 2 x average cost/mile x # busses x 176 days) Lincolnwood
	High Schools			
Total Cost	\$1,315,333			
Total Miles	549,589			
Average/mile	\$2.39			
	Litchfield	9	3	\$22,745.95
	Raymond	13	2	\$21,903.51
<b>TOTAL</b>				<b>\$44,649</b>

Table 7 shows the cost should Hillsboro and Litchfield become one high school (1.8% increase or \$19,465). Again, Litchfield is used as the group that would be transported since they have the lower total student numbers. This could be reversed but, if it was, the transportation costs would increase to \$29,197 since an additional bus and perhaps a van would be required.

Table 7  
Additional transportation costs – Litchfield and Hillsboro

Unit District				
		Miles to Hillsboro (one way for the other two schools)	Number of busses required (200 Litchfield)	Additional cost (Miles between schools x 2 x average cost/mile x # busses x 176 days) Lincolnwood
	High Schools			
Total Cost	\$1,315,333			
Total Miles	549,589			
Average/mile	\$2.30			
	Litchfield	9	3	\$21,859.20
TOTAL				\$21,859

Table 8 shows the projected additional cost of transportation if a new high school was built at the Butler-T junction. If all three districts combined, the additional projected cost would be \$53,916 (\$44,649). If only Litchfield and Hillsboro combined the additional cost would be \$35,838 (\$21,859). The figures in parenthesis show the cost projection if the high school is located in Hillsboro.

**Table 8  
Projected Cost to Butler-T**

<b>Unit District - Butler T Construction</b>				
		Miles to Butler-T (one way for all schools)	Busses required (75 from Lincolnwood; 200 Litchfield; 250 Hillsboro)	Additional cost (Miles between schools x 2 x average cost/mile x # busses x 176 days) Lincolnwood
	High Schools			
Total Cost	\$1,315,333			
Total Miles	549,589			
Average/mile	\$2.39			
	Hillsboro	3	4	\$10,109
	Litchfield	10	3	\$25,273
	Lincolnwood	11	2	\$18,534
	<b>TOTAL</b>			<b>\$53,916</b>
	<b>TOTAL W/O LINCOLNWOOD</b>			<b>\$35,383</b>

Summary

All three high schools combined

Student transportation would increase by \$44,649 in this scenario (\$53,916 if Butler-T is the location). The larger high school would provide the opportunity for increased extra-curricular activities and coordinated curriculum offerings. The creation of a vocational center in the newly formed high school could remove the transportation costs for this program but the newly formed school board would need to study the total cost for creating this program and project these costs over a number of years to determine if this would be the best use of educational funds.

### Litchfield and Hillsboro Combined as One High School

If these two districts combined into one high school, the additional cost of transporting the Litchfield students to Hillsboro would be \$21,859 (\$35,383 at Butler-T location). The possibility of creating a vocational center would continue to exist and is something the newly formed district and board would need to assess. If Litchfield was the high school in this scenario, the transportation costs would increase to \$29,197. This cost could be offset if the district no longer transported for the vocational classes. Again, this would require a study to determine the overall cost and the for creating and maintaining the program compared to the annual vocational costs which were \$36,319 for fiscal year 2018.



## **Financial Considerations and Comparisons**

In this part of the report the consultants have attempted to provide the readers with all the pertinent data necessary to make judgments about the feasibility of a union of the districts involved. This part of the report will have a number of tables showing comparative data. Occasionally space requirements made it necessary to use just the official number designation of the districts as follows:

Hillsboro CUSD #3

Litchfield CUSD #12

Panhandle CUSD #2

### **Section 1**

This section of the report will address comparative financial data between the districts. An attempt has been made to draw analogous data between the school districts, which might become issues for discussion by the respective Boards of Education and/or citizens in the communities involved in the study.


This section will separate the financial issues, conclusions and comments by the various reorganization scenarios. Hereinafter, Hillsboro #3 and Litchfield CUSD #12 and Panhandle CUSD #2 will be referred to as Panhandle CUSD #2.

### General District Comparisons 2017-2018

	Hillsboro CUSD #3	Litchfield CUSD #12	Panhandle CUSD #2
<b>Average Daily Attendance</b>	1494	1,225	440
<b>General State Aid Revenue</b>	4,453,993	5,521,918	1,148,571
<b>GSA Revenue/Per Student</b>	2,981	4,507	26,058
<b>Total District Expenditures</b>	19,730,780	15,541,572	5,707,646
<b>Operating Expense Per Pupil</b>	9,533	9,634	10,422
<b>Assessed Valuation Per Pupil</b>	118,421	104,217	15,966
<b>Total Certified Staff (2017-2018)</b>	101	89	38
<b>Average Teacher's Salary (2017-2018)</b>	Salary assumptions are included.	Salary assumptions are included.	Salary assumptions are included.
<b>EAV 2017-2018</b>	176,922,294	133,398,410	70,253,750

- The average daily attendance indicates there is a significant variance in the enrollment size of the districts with Hillsboro having the larger enrollment.
- The very important Operating Expense Per Pupil indicates a somewhat consistent number throughout the districts studied. There is a disparity between this cost to educate students in the districts. It is normal to find the operating cost per pupil is higher in a smaller district. This is an extremely important variable and indicates the average cost to educate a student per district. Hillsboro and Litchfield have similar rates per student.
- The Assessed Valuation Per Pupil indicates that Hillsboro has a significantly higher EAV/per pupil. This figure normally denotes the relative reliance on local property taxes per student enrollment.
- In comparing the highest and lowest teacher salaries, it is apparent that the districts in this study have a slight variation in teacher's salaries. *This fact will become paramount if a newly negotiated salary schedule with the other district is instituted in the reorganized district. This difference will be paid in the state incentives for four years, but after that point, a reduced staffing level should be instituted by then with attrition, a final determination of staffing levels required, etc. The reduced staffing will become more pronounced in the junior and high school staff in that there are duplications of junior high and high school curriculum being offered. Keep in mind that all collectively bargained multi-year agreements are nullified and new bargaining agreements are agreed upon in a newly reorganized district(s).*
- The reader needs to be reminded that two important variables that of non-certified salaries and differences in fringe benefits are not included in any state incentives. While there are no state incentives for non-certified employees, there are undoubtedly large differences in salaries which must also be renegotiated if there are collectively bargained contracts available. It stands to reason that in a newly reorganized district, efforts to gain non-certified staff salary parity may be expensive. Also, fringe benefits are not covered in ISBE incentives. Therefore, large differences in districts bargained agreements may be expensive to achieve parity in a newly reorganized district.
- General State Aid for the districts are significantly disparate with Hillsboro and Litchfield getting considerably more in GSA annually because they have a higher student enrollment.
- GSA has been replaced by EBF funding with FY 18 funding.

### General State Aid Comparisons (2017-2018)

	Hillsboro CUSD #3	Litchfield CUSD #12	Panhandle CUSD 2
<b>General State Aid 2017-2018</b>	4,453,993	5,521,918	1,148,571
<b>Average Daily Attendance 2017- 2018</b>	1,494	1,225	440
<b>ADA 2016-2017</b>	1,535	1,289	443
<b>ADA 2015-2016</b>	1,556	1,316	443
<b>Personal Property Replacement Tax 2017-2018</b>	1,134,100	430,687	121,955
<b>Operating Tax Expense Per Pupil</b>	9,533	9,634	10,422

- The student enrollments over the last three years indicate that the districts have experienced declining enrollment trends for all districts. This enrollment variation is a common occurrence in downstate Illinois districts. Most downstate districts are experiencing a decreased enrollment trend.
- All of the districts have relatively disparate amounts of revenue from the Personal Property Replacement Tax with Hillsboro getting the higher amount. The following is a definition of Personal Property Replacement Tax; “The Illinois Constitution of 1970 abolished the corporate personal property tax in Illinois as of January 1, 1979, and provided for the replacement of revenues derived from this tax by creation of the Personal Property Replacement Tax. The Department of Revenue certifies each taxing district’s share of the replacement revenues collected by the state at that date. Payments are made eight times per year to approximately 6,700 units of local government and school districts.” To determine the amount that would be allocated to a newly consolidated district, one would have to add together the amounts currently received by the districts. The relative share of the state revenue continues to be the same percentage as allocated in 1979. Therefore, districts having a larger allocation at that time will continue to receive that percentage of the annual state revenue regardless of a loss in EAV. *Until the State of Illinois changes its formula for this revenue source, these districts will continue to receive the same combined*

revenue from this source. This annual amount would not be affected by consolidation and should continue to be allocated to the new district in the same amounts as they were allocated individually.

### 2018 Property Tax Rates/Extensions

Fund	Hillsboro CUSD #3	Rate	Litchfield CUSD #12	Rate	Panhandle CUSD 2	Rate
<b>Ed.</b>	3,754,620	2.40	2,366,330	2.20	2,053,011	3.20
<b>OBM</b>	782,212	.50	405,535	.50	320,512	.50
<b>Trans.</b>	312,885	.20	162,214	.20	128,184	.20
<b>Sp. Ed.</b>	62,577	.04	32,442	.04	25,281	.04
<b>Working Cash</b>	78,221	.05	40,553	.05	31,970	.05
<b>Bonds</b>	1,456,728	.93	475,174	..64	326,652	.50
<b>IMRF</b>	460,472	.29	64,001	..15	89,774	.14
<b>Social Security</b>	403,652	.25	175,005	.15	84,777	..13
<b>TORT</b>	859,243	.54	657,000	.87	221,041	.34
<b>Lease</b>	77,258	.05	40,553	.05	31,700	.05
<b>Life Safety</b>	77,258	.05	40,553	.05	31,970	.05
<b>Total</b>	8,325,525	5.32	7,147,529	4.91	3,358,272	5.21

- In comparing the tax rates and extensions of the school districts, there are several trends and factors that are evident from the chart.

- The Education rates of the districts reflect a higher authorized rate by district referendum. The reader needs to keep in mind that the maximum allowable Education rate is \$4.00 for a unit district and the minimum without a referendum is \$1.84 without a referendum. Each of the districts has a high Education tax rate indicating past tax rate increases were authorized by district vote. Panhandle has the highest rate.
- In the OBM, and Transportation Fund, all districts are levying at the maximum rate authorized without a referendum. Keep in mind that the OBM fund has only allowable source of revenue, property taxes, while transportation funds have a combination of local and state revenue.
- All districts have a bond levy rate to pay off its outstanding bonds of various varieties. It can also be inferred from this that the districts have sold bonds of a variety of authorized sources, working cash, construction, life safety, etc. The bonded debt limit for a unit district is 13.8% of its most recent equalized assessed valuation. **Keep in mind that the bond & interest levy amount remains with the original district that incurred the debt and is not merged with any district(s) that reorganize with it unless authorized in the reorganization referendum.**
- It is incumbent upon the author to point out several important points for the reader to consider in comparing the property tax rates/extensions of the districts. The Tort funds for the districts are utilized by all of the districts in varying rates. It must be pointed out that funds for the Tort Immunity levy are unlimited except that they must only be utilized for “authorized expenditures” for each district.
- In the all-important total tax rate for all three districts are relatively the same overall rate mainly due to its higher authorized rate for the Education Fund .and Tort Fund Rate
- Current tax rates become an important variable in the formation of a new school district and the setting of new tax rates. Normally, new tax rates are determined somewhere in between the highest and lowest rates of the participating districts. Therefore, the higher the variation in the rates, the more potential for significantly higher or lower tax rates of a newly reorganized district.

### Audit Comparisons: Education Fund

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro CUSD #3</b>	1,698,231	1,059,093	463,415	951,806
<b>Litchfield CUSD #12</b>	625,194	426,022	211,574	514,880
<b>Panhandle CUSD #2</b>	942,350	750,088	750,088	1,229,921

This section of the financial report will deal with the audited fund balances of the districts in all funds for the last four years. These figures should be illustrative of the relative financial strength of the individual districts by fund and provides a brief illustration of past fund balances.

The education fund is by far the most important of all funds utilized by a school district. Within this fund are usually up to 80% of the revenue and expenditures for a school district. The strength of this fund will be of paramount importance in determining the financial stability of a school district.

- The education fund balances for the districts indicate an increasing surplus over four years for all districts but had a one smaller balance but then rebounded has rebounded their budget balance. All districts have been able to maintain their surplus in this most important fund over the four-year period indicating fiscal stability.
- It should also be noted that much of the lack of stable funding from state sources has been a relative important consideration. While EBF has replaced GSA as the main funding formula, the issue of maintaining state support for education remains a problematic issue.

### Audit Comparisons: Operations Fund

	2017-2018	2016-2017	2016-2016	2014-2015
<b>Hillsboro CUSD #3</b>	(12,059)	135,722	36,441	(4,525)
<b>Litchfield CUSD #12</b>	363,122	2,059,400	1,910,121	1,856,854
<b>Panhandle CUSD #2</b>	671,755	750,401	715,639	666,424

The Operations, Building & Maintenance Fund is the second largest and most important fund for a school district. The OBM fund and Life Safety are the funds that are utilized to maintain the district's facilities. The reader needs to keep in mind that the OBM fund normally has only one source of revenue, local property taxes, unless unrestricted funds like Evidence Based Funding are inserted into the OBM fund. Normally, with no source of state revenue as the Education and Transportation fund have, it routinely is a fund with small or negative fund balances.

- Hillsboro is experiencing some stress in this fund with varying balances. Litchfield has significantly reduced their balance and Panhandle has remained relatively stable. These relatively modest to significant fund balances in the OBM fund are symptomatic of most school districts in Illinois due to its lack of levying authority compared with its relative importance for district expenditures. Most of its expenditures in this fund are also of a recurring nature and rise without any decision-making by the school district such as utility costs.
- The OBM is the major operating that usually suffers the most in that it has only one official funding source, local property taxes.
- Variances in budget balances in this fund usually resulting from various amounts of discretionary funds deposited in this fund rather than varying expenditures.



### Audit Comparisons: Transportation Fund

	2017-2018	2016-2017	2015-2016	2014-2015
<b>Hillsboro CUSD #3</b>	278,245	255,346	292,969	473,538
<b>Litchfield CUSD #12</b>	390,475	178,514	233,745	289,224
<b>Panhandle CUSD #2</b>	64,990	116,613	157,293	170,886

The transportation fund for the districts appears to be different for the districts in this study. The districts are experiencing a varying pattern with both districts decreasing its surplus in the transportation fund over a four-year period. It should be noted that the State of Illinois is “supposed” to pay for 80% of the annual authorized transportation costs for each school district in Illinois. Therefore, the local transportation levy normally is not required to pay for the majority of the transportation costs. Normally, the transportation fund for most school districts in Illinois does not experience the financial stress as the other major operating funds due to this “state financial assistance.” Reduced funding levels from ISBE have altered the position of the transportation fund for school districts throughout Illinois.

- Reimbursement for authorized transportation costs have been prorated at a dramatically reduced rate for the past four years. It has varied from about 70-80% of what the state has promised according to current state law.
- All districts are experiencing reducing balances. Hillsboro has increased its relative balance in this fund. Litchfield and Panhandle have experienced a vicissitude of balances but remaining positive. Most downstate districts have had to redirect discretionary funds into the transportation fund due to state prorations of their funds.
- NOTE: The transportation fund will undoubtedly face more fiscal stress in the future with a new transportation formula being utilized and past transportation payments lagging far behind in their reimbursement to districts. This factor alone will cause extreme stress for all Illinois school districts especially, those with large rural populations.

**Audit Comparisons: IMRF Fund**

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro CUSD #3</b>	524,422	554,941	541,703	495,379
<b>Litchfield CUSD #12</b>	163,230	132,513	40,398	107,870
<b>Panhandle CUSD #2</b>	190,892	170,797	146,149	132,438

The Illinois Municipal Retirement Fund pays for the retirement expenses of all qualifying non-certified employees. Districts may make an “unlimited levy” to pay for concurrent Social Security costs for non-certified employees or make separate IMRF and Social Security levies for these retirement costs. Districts normally make a separate levy for Social Security. The IMRF/Social Security levy is an “unlimited levy.” That is to mean that the costs for the retirement program can be levied relative to the individual requests of the school districts. The levy amounts can be varied from year to year since the principal and interest from these funds cannot be transferred to any other fund.

All districts have maintained varied budget balances in this fund with all districts generally maintaining their budget balances in this fund.

**Audit Comparisons: Bond & Interest Fund**

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro CUSD #3</b>	89,560	90,133	84,438	81,166
<b>Litchfield CUSD #12</b>	15,000	12,005	13,008	178,840
<b>Panhandle CUSD #2</b>	67,137	32,705	33,261	32,333

The Bond & Interest Fund is another “unlimited levy.” It has also been described as a “self-liquidating fund” as school districts sell bonds of various kinds. The County Clerks are given, after the successful sale of the bonds, the schedule of payments for the principal and interest to pay off the bonds regardless of the amount. The only mitigating factor is the bonded debt limit, which is 13.8% of a unit districts current EAV. Generally, there are only modest surpluses in these funds as the levy is restricted by the County Clerk to the amount necessary to pay off all outstanding principal and interest on bonds.

**Bonded Debt Limit for Hillsboro – \$24,415,727 – Outstanding Bonded Debt \$6,617,000 Bond Margin Remaining – \$17,798,727.**

**Bonded Debt Limit for Litchfield - \$18,477,981 - Outstanding Bonded Debt \$1,680,405. Bond Margin Remaining - \$16,797,576**

**Bonded Debt Limit for Panhandle – \$9,695,018 – Outstanding Bonded Debt - \$2,848,228. Bond Margin Remaining - \$6,846,790**

**There is no short-term debt for any district. The Bonded Debt listed is the current short and long term debt. Notwithstanding funding levels from ISBE,**

**both districts have sufficient reserves to avoid additional long-term debt depending upon each districts future “capital expenditures.”**

**There is no combined short term debt for a newly reorganized district indicated and current combined long term debt is \$11,145,631 for Scenario 1 and \$8,297,405 for Scenario 2. A newly reorganized district would have a combined long term debt margin available for future utilization of \$41,443,093 for Scenario 1 and \$34,596,303 for Scenario 2 out of a total combined debt limit of \$52,558,726 for Scenario 1 and \$42,953,703 for Scenario 2. This substantial remaining bond margin should enable a newly reorganized district to sell long term for future revenue or capital projects as needed.**

**Audit Comparisons: Working Cash Fund**

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro CUSD #3</b>	1,672,970	1,972,161	872,468	779,200
<b>Litchfield CUSD #12</b>	1,207,528	1,136,797	569,740	1,517,723
<b>Panhandle CUSD #2</b>	182,710	150,345	119,091	88,489

Districts may sell Working Cash Bonds and then “abate” which means partially transfer working cash funds during a fiscal year or totally abolish the fund and put the balance into the educational fund in the month of June. The amount of bonds, bonded debt limit for the working cash fund, is 85% of the education fund extension from the previous year plus 85% of the amount received in personal property replacement taxes from the previous year. Thus, there is a separate bond limit for working cash bonds in

this fund comparison. One of the districts has a larger moderate balance in this fund due to a recent sale of Working Cash Bonds.

In addition to serving as a “loaning fund” for the other operating funds, the Working Cash fund is a method to generate operating revenue for the other operating funds with its independent bond sale authority plus its ability to permanently transfer all (abolish) or part (abate) of its fund balance during the fiscal year.

The working cash fund is essentially a “loaning fund” for other district funds in financial need. It appears that Crescent has been reducing its budget balance in this fund by loaning it to other operating funds. All districts have significant WC balances.

**Audit Comparisons: Tort Fund**

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro</b> <b>CUSD #3</b>	975,899	890,230	840,388	789,480
<b>Litchfield</b> <b>CUSD #12</b>	244,890	255,776	483,389	549,761
<b>Hillsboro</b> <b>CUSD #2</b>	14,568	13,789	27,360	23,049

The Tort Fund is a levy in which payments for district insurance coverage is usually paid as well as costs for Unemployment Compensation and Workman’s Compensation coverage. In addition, it is here that many districts utilize a Risk Management Plan to cover costs related to maintaining the safety and security of the

facilities and staff. All districts have been increasing the balances in this fund with Hillsboro having a larger balance.

**Audit Comparisons: Capital Projects Fund**

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro CUSD #3</b>	732,243	12,637	-0-	-0-
<b>Litchfield CUSD #2</b>	544,088	544,088	-0-	-0-
<b>Panhandle CUSD #2</b>	161,510	22,850	22,269	45,930

The Site & Construction Fund encompasses funds sold for the construction of school district facilities. None of the districts have currently utilized this fund to construct a new facility and none of the districts have any funds currently left from the sale of construction bonds. The Capital Projects Fund is the repository for funds derived from the County Occupational Sales Tax revenue. All districts have funds for contemplated future building renovation projects.

**Audit Comparisons: Fire and Safety Prevention Funds**

	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Hillsboro CUSD #3</b>	90,589	52,116	184,947	855,874
<b>Litchfield CUSD #12</b>	290,659	271,509	483,389	877,210
<b>Panhandle CUSD #2</b>	138,464	130,518	81,084	62,896

This fund is maintained by the annual levy of \$.05 for all districts or by the sale of bonds up to an individual district's bonded debt limit and approval by the architect, ROE and ISBE. This fund is used to renovate district facilities and complete required alterations from the Ten Year Life Safety Survey. All expenditures from the Fire and Safety fund must be approved by a licensed architect/engineer, the Regional Office of Education as well as the Illinois State Board of Education.

In this fund, all districts have funds for required building projects

### **Comparison of Equalized Assessed Valuations**

The author will examine the EAV of each of the districts over the last three years. Normally, the EAV of a school district will not make dramatic increases or decreases without special circumstances. However, as the author will point out, the districts have realized a moderate increase in EAV in the recent past and have caused moderate increases in local revenue for each of the districts. However, each of the districts face the possible additional reduction of EAV in the future due to the Farmland Reassessment Act, which is declining the "productivity index" for farmland EAV plus the economic downturn for real estate in Illinois. Since most districts have little to significant amounts of farmland in their EAV, a decrease in the value of the aforementioned farmland will cause a decrease in local revenue, unless there is a concurrent increase in residential and commercial EAV.

The EAV of all district districts has been increasing moderately with Hillsboro receiving a recent slight decrease.

### Equalized Assessed Valuations

	2016	2017	2018
<b>Hillsboro CUSD #3</b>	181,034,517	181,696,352	176,922,294
<b>Litchfield CUSD #12</b>	127,468,626	129,813,669	133,398,410
<b>Panhandle CUSD #2</b>	62,009,861	64,277,0348	70,253,570

From the chart comparing the Equalized Assessed Valuations of the districts studied, each of the districts is experiencing moderate annual EAV increases and decreases. Increasing EAV for downstate school districts are the rule rather than the exception. All districts are experiencing relatively stable EAV amounts.

### Projected Unit District Tax Rate for New Unit District

In any discussion of school district reorganization, the future tax rate of a new district is always an issue of importance. At this point, the author will discuss that in a reorganization resulting in a new unit district, the tax rate of the newly reorganized district as approved in the referendum becomes the tax rate for the K-12 reorganized district. As has been pointed out previously, the Bond and Interest Fund will continue to be levied against the original taxpayers until the current bonds are paid. Only Bonds that have been sold after the effective date of the newly reorganized district will be paid by the constituents of the newly enlarged school district.

Keep in mind that this is only a suggested rate to generate the same amounts of revenue with local sources. This projection does not attempt to project the amount that could be utilized in the referendum for long term district projections. Therefore, this simulation should give the reader an idea of the comparison of a new unit district tax rate.



### 2018 Equalized Assessed Valuation

<b>Hillsboro CUSD #3</b>	176,922,294
<b>Litchfield CUSD #12</b>	133,398,410
<b>Panhandle CUSD #2</b>	70,,253,750

**EAV projections for a newly reorganized district would indicate a continued increase in EAV from three to five million annually. This would increase the amount of local tax money generated from a newly reorganized district.**

	<b>Total</b>	<b>Total Extension</b>
<b>Hillsboro CUSD #3</b> <b>Total K-12 rate of:</b>	5.32	9,208,046
<b>Litchfield CUSD #12</b> <b>Total K-12 rate of</b>	4.91	7,147,529
<b>Panhandle CUSD #2</b> <b>Total K-12 rate of</b>	5.21	3,358,272
<b>Total Extension: Scenario 1</b>		20,051,196
<b>Total Extension: Scenario 2</b>		16,355,575

*Utilizing a combined unit district EAV of \$380,574,454 means that a penny of local property taxes would generate approximately \$38,057 per \$100 of EAV. Taking the \$38,057 x \$5.26 for Scenario One and \$31,032,070 for Scenario 2 with a tax rate of \$5.27 which is the tax rate for the reader to approximate the tax rate needed to generate the same amount of funds generated previously by the existing districts in each scenario. What you now have in \$5.26 is a projected UNIT DISTRICT rate for a newly reorganized unit district instead of separate district rates to generate the same amount of dollars in a unit district in Scenario 1 and \$5.27 for Scenario 2. In the case of a lower tax rate to generate the same amount of taxes in a newly reorganized school district, it seems that a similar rate would be available for both scenarios. For Scenario 1, Hillsboro would experience a tax rate reduction while Litchfield and Panhandle experience a tax rate increase.*

*Therefore, with a merger of the districts, it would be necessary to change the current tax structure for these districts. **PLEASE KEEP IN MIND THAT THE AUTHOR DOES IN NO WAY SUGGEST THAT THIS RATE WOULD BE UTILIZED FOR PLANNING FOR A REORGANIZATION REFERENDUM.** The only rates that would be voted upon in a referendum would be education, OBM, transportation and Fire Safety. The Committee of Ten is responsible for determining the tax rate to be voted upon in the reorganization referendum.*

## **Other Financial Considerations**

Inherent in any successful reorganization proposal are several financial considerations that are difficult to quantify but should be discussed. Current statutes for all reorganizations require that all multi-year agreements that are currently in force by any of the reorganizing districts must be honored by the newly created district. In this case, a newly reorganized district would be obligated to renegotiate all such contracts, including individual and commercial multi-year agreements. In the case of certified and non-certified staff union agreements, the collective bargaining agreements in place in all districts would be abolished and the staff that is employed by the original districts on the last day of said district will be placed upon an appropriate salary schedule position in the newly negotiated salary schedule. Another area of fiscal consideration in a possible reorganization is the change of staffing inherent in the creation of a new district. Certainly, there will only be one superintendent of a new district. The central office staff and ancillary central office staff are normally the group of employees that are the most affected. For example, it would be normal to assume that only one bookkeeper; payroll clerk and/or superintendent's secretary would be necessitated. While it would be impossible to determine at this point what personnel or salaries would be required by the newly enlarged district it should be noted that it is rare that there is a large financial savings when districts reorganize. It is also logical to assume there would be financial savings in the personnel required to manage one central office instead of multiple offices. Non-certified staff now receive some job protection in that Reductions in Non-Certified Staff after the new district is formed must come from a combined Educational Support Personnel Seniority List. In this reorganization, there will undoubtedly be

certified staff reductions based upon the needs of the newly enlarged district. The certified staff that will be affected the most will be the junior high, high school staff and central office administrators and staff. Currently all districts are offering a duplicated junior high and senior high school curriculum and while the number may not be known at this time, it will certainly entail a reduction of some full-time and possibly part-time certified staff members as the needs of the new district are determined after a successful referendum.

**When districts successfully merge, an economic theory known as the Economy of Scale is encountered. This theory essentially states that the larger the purchasing amounts, the cheaper the costs to purchase the same items. While this theory is present in this reorganization, the amount of savings would be rather minimal in the overall costs for a newly reorganized district.** The savings in certified, non-certified staff plus any possible building closings will reflect a much higher savings for a newly reorganized district. The staffing levels and possible building closings will be the decision of a newly elected board of education. In this reorganization proposal, both of these major factors are present for future savings in a newly reorganized district.

Another area that needs to be explained is the current bonded debt of the districts. Each of the districts has bonded debt. However, in the case of reorganization, will taxpayers in the new district be responsible for the debt that has been previously accumulated in the previous districts? That answer is no. ***All bonded debt in the new district will be paid by the original residents of the district that encumbered the debt.*** The county clerk will continue to levy enough funds to pay the principal and

interest of the previous bonded debt until it is paid in full. Only bonds sold by the new district will be spread over the entire newly reorganized district.

## **Conclusions**

From the financial reports provided the author, a generalization can be made. The districts studied seem to be increasing at a moderate to significant rate in the important local revenue indicator of Equalized Assessed Valuation. With this increase in EAV comes an increase in local funds from the same tax rate. It is expected that these trends will continue for the districts. All of the districts would benefit financially within a newly reorganized district by combining the staff and programs, plus the more efficient utilization of the districts school buildings.

Some of my conclusions on financial matters include:

- Tax rates for all districts have generally been at the authorized levels.
- The projected unit tax rate of \$5.26 for Scenario 1 and \$5.27 for Scenario 2 would only generate approximately the same amount of revenue as the previous year independently. With the projected rate at \$5.26/\$5.27 or any other rate determined by the Committee of Ten to be included on a reorganization referendum, it is assumed that the taxpayers of the districts could realize a level tax burden and, in some measure, taxes may need to be increased, due to the lack of financial support from the State of Illinois.
- The fund balances are currently in various stages but financially the districts are financially sound. While the reorganization incentives should provide a short-term infusion of discretionary funds, these funds are provided for the transition period between the successful reorganization period and its initial years.

Incentive funds are essentially unrestricted in nature and may be utilized by the new board of education as it determines to be necessary and prudent.

- Other financial roadblocks to school districts financial success are also possible in future TIF districts, a reduced poverty count from the 2020 Census, or DHS poverty count and a stagnant Illinois economy.

---

**ILLINOIS STATE BOARD OF EDUCATION**

**Fiscal Year 2015 School District Financial Profile Scores,  
based upon Fiscal Year 2014 Annual Financial Reports**



James T. Meeks  
Chairman

Christopher A. Koch, Ed.D.  
State Superintendent of Education

---

**Illinois State Board of Education**  
**Fiscal Year 2015 School District Financial Profile Scores**  
**Based on Fiscal Year 2014 Annual Financial Reports**

Enclosed is the Fiscal Year 2015 School District Financial Profile Scores based on the Fiscal Year 2014 Annual Financial Reports. Financial profile calculations for school districts are determined using five key indicators:

- Fund Balance to Revenue Ratio,
- Expenditure to Revenue Ratio,
- Days Cash on Hand,
- Percentage of Remaining Short-Term Borrowing Ability,
- and Percentage of Remaining Long-Term Borrowing Ability

A detailed explanation of these indicators and the Financial Profile calculation formulae are shown in Appendix A to the report. They are also available on the ISBE website at <http://www.isbe.net/sfms/afr/profile.pdf>

**Background Information**

Section 1A-8 of the School Code states, "To promote the financial integrity of school districts, the State Board of Education shall be provided the necessary powers to promote sound financial management and continue operation of the public schools."

The School District Financial Profile was designed to better illustrate information on school district finances and to establish financial designation lists for all districts. The designation categories in descending order are:

- Financial Recognition,
- Financial Review,
- Financial Early Warning,
- and Financial Watch

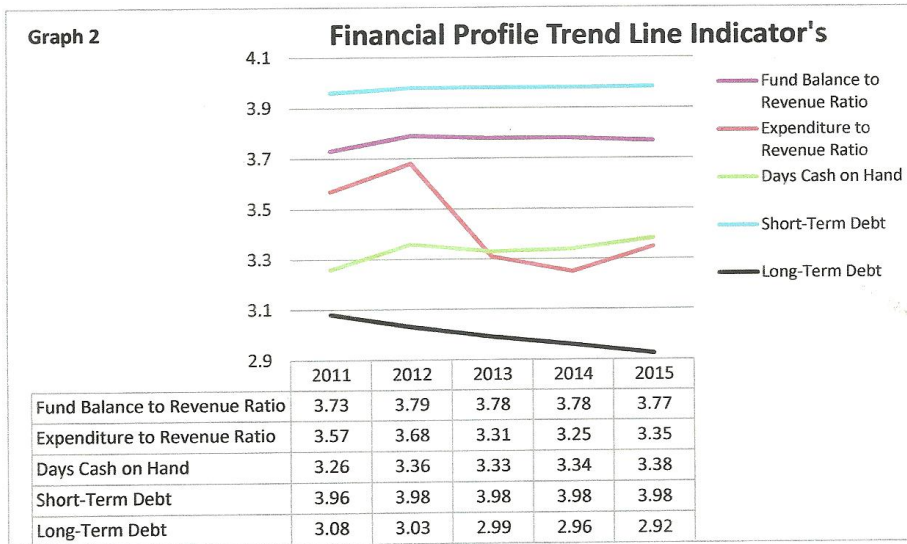
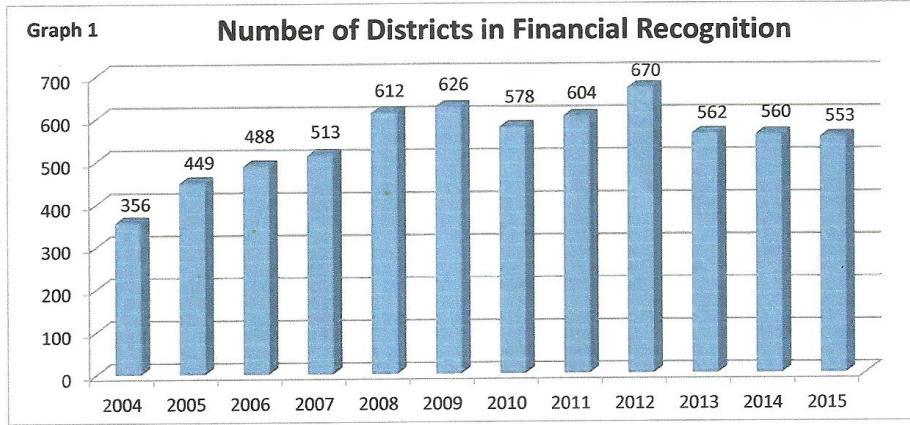
with Financial Recognition being the highest category.

This is the twelfth year that the Financial Profile has been used to evaluate districts.

- Beginning with the 2004 Financial Profile through the 2009 Financial Profile, the number of districts in Financial Recognition status has increased each year.
- In 2010 the number of districts in Financial Recognition decreased to 578 from the previous year's 626.
- For the 2011 and 2012 Financial Profiles, the number of districts in Financial Recognition increased again to 604 and 670, respectively.
- For 2013, 2014, and 2015 the number of districts in Financial Recognition has declined to 562, 560, and 553 respectively.

The 2015 Financial Profile continues to reflect the difficult economic times every district in the State is realizing. The number of districts realizing Financial Recognition for 2015 Profile decreased to 553 districts (64.3% of 860 districts), resulting in seven fewer districts in the highest category compared to last year and 117 fewer when compared to the 2012 Financial Profile. The number of districts realizing Financial Watch decreased to 38 (4.4% of 860 districts) from 49 last year. The data point derived from the 2015 Financial Profile Data is that the overall average score for 2014 was Financial Review and the 2015 overall average score has increased to Financial Recognition. See Graph 1 for the number of districts in Financial Recognition for the Financial Profile years 2004 through 2015.





As denoted in Graph 2 above:

The average Expenditure to Revenue Ratio Indicator trend line improved from last year's Financial Profile to this year's Profile.

- In Fiscal Year 2014 districts spent an average of \$1.00 for every dollar of revenue received compared to an average of \$1.016 in FY 2013.

However, the average Fund Balance to Revenue Ratio score has remained constant over the past years, with a slight decrease in FY 2014.

- This is an indication that reserves are being to be diminished

Graph 4 reflects the average Financial Profile score for the 2011 Financial Profile through the 2015 Financial Profile.

School finance is a complicated topic. Given this complexity and the financial and accounting differences among the 860 Illinois school districts, there will likely always be issues with how school district finances are characterized. The issues most often identified include:

- Weighting a deficit more than short-term or long-term borrowing (incentive to borrow without really improving the financial condition)
- Timing of revenues (e.g. early receipt of local taxes or late state payments)

As the Financial Profile is a “snap shot” in time of a district’s finances, the data alone cannot give a holistic view of the districts’ financial picture.

#### **Payment Delays**

Many school districts have inquired about their rankings in the Financial Profile due to delays in the receipt of the mandated categorical payments. In Fiscal Year 2014, school districts received five mandated categorical payments instead of the customary four. This was one delayed payment from fiscal year 2013 and all four of fiscal year 2014 payments. Mandated categorical payments were not delayed in fiscal year 2014.

Beginning with the 2009 Financial Profile, Section 1A-8 of the School Code [105 ILCS 1A-8] mandates that the Financial Profile calculations shall incorporate delayed State Payments for General State Aid and Mandated Categorical. Because last year’s Financial Profile incorporated the payment that was delayed until this year, this year’s Financial Profile is adjusted for that payment and reflects only the normal four mandated categorical payments. For cash basis school districts, this resulted in adjustments to the Revenue to Fund Balance Ratio, Expenditure to Revenue Ratio, and Days Cash on Hand indicators. The adjustment for accrual basis districts depended upon the amount of delayed payments that were recognized in the AFR.

#### **Summary of Watch List Districts**

Of the 49 districts that were on the Watch List last year:

- Four improved to Recognition
- Nine improved to Review
- Fourteen improved to Early Warning
- Twenty one remained as Watch
- One consolidated

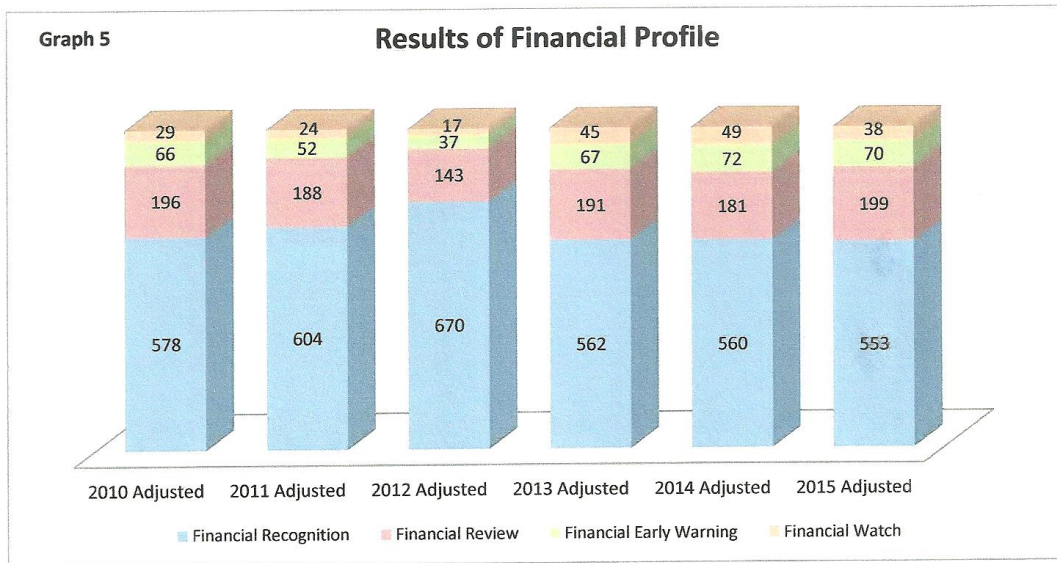
For the twenty-seven districts that made improvements, all made expenditures reductions and twelve of the twenty-seven issued long-term Working Cash Fund bonds (44.4%). ISBE has four geographically located field staff that work with districts facing financial difficulty. Of the twenty-seven districts that improved, these four employees met and working with fifteen of the districts.

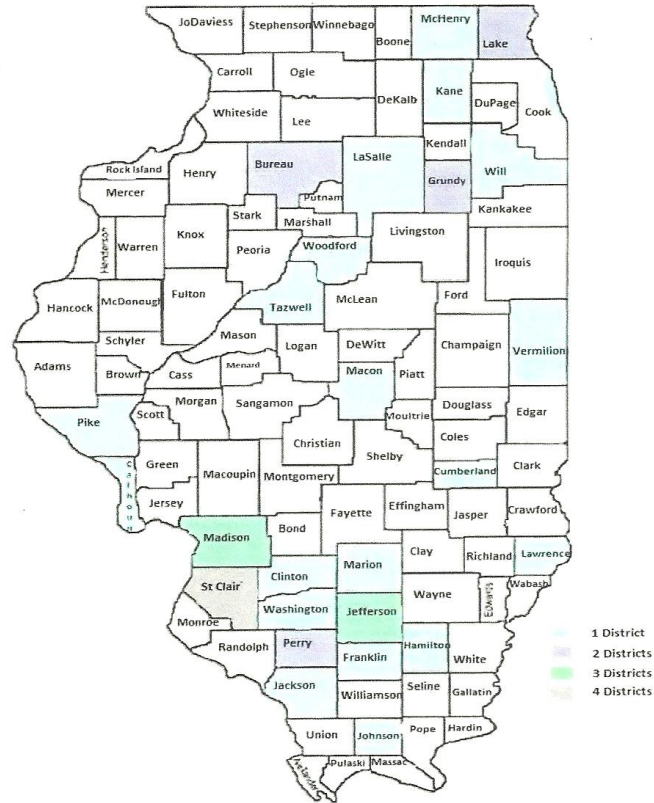
There are seventeen new districts that were added to the Watch category this year:

- Five decreased from Review
- Twelve decreased from Early Warning

**Results of the Financial Profile (Table 1 and Graph 5)**

Table 1	FY10 Financial Profile Based on FY09 data Adjusted	FY11 Financial Profile Based on FY10 data Adjusted	FY12 Financial Profile Based on FY11 data Adjusted	FY13 Financial Profile Based on FY12 data Adjusted	FY14 Financial Profile Based on FY13 data Adjusted	FY15 Financial Profile Based on FY14 data Adjusted
Financial Recognition	578	604	670	562	560	553
Financial Review	196	188	143	191	181	199
Financial Early Warning	66	52	37	67	72	70
Financial Watch	29	24	17	45	49	38
<b>Total</b>	<b>869</b>	<b>868</b>	<b>867</b>	<b>865</b>	<b>862</b>	<b>860</b>





A summary of the location of the 38 districts in the Financial Watch category follows:

- Four in St. Clair County
- Three in Jefferson and Madison Counties
- Two in Bureau, Grundy, Lake and Perry Counties
- One in Calhoun, City of Chicago, Clinton, Cumberland, Franklin, Hamilton, Jackson, Johnson, Kane, LaSalle, Lawrence, Macon, Marion, McHenry, Pike, Tazewell, Vermilion, Washington, Will and Woodford counties.



**Financial Watch Designations**

- From 2004 through 2009 the number of school districts in the financial watch category has declined each year until 2010. This was the first year there has been an increase in the number of districts in this category.
- For the 2011 Financial Profile the number of districts in Financial Watch decreased again and continued to decrease for 2012.
- The 2013 and 2014 Financial Profile once again reflects increases in the number of districts in the Financial Watch designation.
- For the 2015 Financial Profile the number of district in the Financial Watch designation decreased by 11 from the 2014 year to 38 school districts.

The 2015 Financial Profile continues to reflect the difficult economic times every district in the state is realizing. While the number of districts in the lowest category, Financial Watch decreased to 38 districts from 49 districts, district were still required to decrease their expenditure and incur long-term debt to sustain operations.

- For the 2015 Financial Profile compared to the 2014 Financial Profile, the number of districts in the lowest designation category, Financial Watch, decreased by 11 districts or 22% (currently 38 school districts compared to 49 school districts last year)
  - For the 2014 Financial Profile compared to the 2013 Financial Profile, the number of districts in the lowest designation category increased by 4 school districts or 9% (49 compared to 45)
  - For the 2013 Financial Profile compared to the 2012 Financial Profile, the number of districts in the lowest designation category increased by 28 school districts or 165% (45 compared to 17)
- 12.6% of the school districts are in the lowest two designation categories compared with 14.0% last year

**School District Budget Analysis -- Deficit Spending**

Table 2 below depicts historical trends in school districts' deficit spending. The deficit is calculated by examining the four operational funds: Educational Fund, Operation and Maintenance Fund, Pupil Transportation, and Working Cash.

<b>Table 2</b>	<b>2009 Annual Financial Report</b>	<b>2010 Annual Financial Report</b>	<b>2011 Annual Financial Report</b>	<b>2012 Annual Financial Report</b>	<b>2013 Annual Financial Report</b>	<b>2014 Annual Financial Report</b>	<b>2015 Budget Report</b>
<b>Total Number of School Districts</b>	867	864	863	861	862	860	857
<b>Total Number of Deficit Spending School Districts</b>	355	327	157	415	420	364	550
<b>Percentage of Deficit Spending School Districts</b>	40.9%	37.8%	18.2%	48.2%	48.7%	42.3%	64.2%

Given economic conditions, school districts anticipate that their financial position will worsen in the coming year. Information submitted by school districts for FY2015 projects that the number of districts with deficits will increase to 550 or 64.2% of the total districts compared to the FY 2014 which reflected 364 or 42.3%. There are 171 districts that report their Annual Financial Report on the modified accrual basis of accounting. Most of these districts prepare their budgets on the cash basis of accounting. Therefore, their budgets do not reflect

Pursuant to the authority provided by Section 1A-8 of the School Code, the Illinois State Board of Education (ISBE) developed the "**School District Financial Profile**" to help monitor the finances of school districts and identify which are in or are moving toward financial difficulty. This system replaced the "Financial Watch List and Financial Assurance and Accountability System (FAAS)" that had been used for the assessment of a school district's financial health. The major change in methodology was that the FAAS utilized only one financial indicator – the Fund Balance to Revenue Ratio. The Profile includes that indicator plus four additional measures to expand our capability to accomplish a truer risk assessment. The five indicators are individually scored and weighted in order to arrive at a Total Profile Score and applicable designation.

The School District Financial Profile was developed with the invaluable assistance of school superintendents, school business administrators, financial advisors, lawyers, and bond brokers throughout the state as well as major interest groups such as IASBO, IASA, ED-RED and LUDA. Influenced by their feedback, we were able to make significant enhancements in systematically analyzing/monitoring finances of all Illinois public school districts.

The following provides a detailed explanation of each indicator. It is the Total Profile Score that we believe best determines a district's financial strengths or weaknesses. This document will also lead you through the four applicable designations, Financial Recognition, Financial Review, Financial Early Warning, and Financial Watch.

#### **Financial Profile Indicators:**

1. **Fund Balance to Revenue Ratio** – This indicator reflects the overall financial strength of the district. It is the result of dividing the ending fund balances by the revenues for the four operating and negative IMRF/SS funds. Operating Funds are the Educational, Operations and Maintenance, Transportation and Working Cash Funds.
2. **Expenditure to Revenue Ratio** – This indicator identifies how much is expended for each dollar received. It is computed by dividing total expenditures for the Educational, Operations and Maintenance, and Transportation Funds by the revenues for those same funds plus Working Cash. The calculation also takes into account remaining balances of these funds at the end of the year if a district is scoring low for their Expenditure to Revenue Ratio. This is especially beneficial to districts that have saved for projects and are now incurring the expenditures for them or who have healthy fund balances even after spending a portion of their savings.
3. **Days Cash on Hand** – This indicator provides a projected estimate of the number of days a district could meet operating expenditures provided no additional revenues were received. It is computed by dividing the total expenditures of the Educational, Operations and Maintenance, and Transportation Funds by 360 days to obtain an average expenditure per day. Then the total cash on hand and investments for the same funds plus working Cash are divided by the average expenditures per day. As with the Fund Balance to Revenue Ratio and the Expenditure to Revenue Ratio, the Working Cash Fund has now been incorporated into the calculation.
4. **Percent of Short-Term Borrowing Ability Remaining** – Districts often incur short-term debt due to several factors (i.e., delays in receipt of local revenues, etc.). For this indicator, the sum of unpaid Tax Anticipation Warrants is divided by 85% of the Equalized Assessed Valuation (EAV)

multiplied by the sum of the tax rates for the Educational, Operations and Maintenance, and Transportation Funds.

5. **Percent of Long-Term Debt Margin Remaining** – A district often incurs long-term debt for major expenditures such as buildings and equipment. This total is derived by the product of the district's EAV multiplied by its maximum general obligation debt limitation, reduced by any outstanding long-term debt.

**Total Profile Score:**

Each indicator is scored in order to obtain a district's overall **School District Financial Profile Score**. This overall score is computed for the most current year's financial data.

Each indicator is calculated and the results are slotted into a category of a four, three, two, or one with four being the highest and best category possible. Each indicator is weighted and the weighted indicators' scores are summed to obtain a district's overall "Total Profile Score".

**Fund Balance to Revenue Ratio (has a weighting of 35%)**

- Category 4 Greater or equal to 25% [lowest risk]
- Category 3 Less than 25% but greater or equal to 10%
- Category 2 Less than 10% but greater or equal to 0%
- Category 1 Less than 0% [highest risk]

**Expenditures to Revenue Ratio (EXRV) (has a weighting of 35%)**

- Category 4 District is spending \$1.00 or less for every dollar they are receiving [lowest risk]
- Category 3 District is spending more than \$1.00 to \$1.10 for every dollar they receive
- Category 2 District is spending more than \$1.10 to \$1.20 for every dollar they receive
- Category 1 District is spending more than \$1.20 for every dollar they receive [highest risk]

If the resulting calculation places a district in category 1 or 2, and the Fund Balance to Revenue Ratio (FBRR) is a category 4 then the following calculation is completed:

- $(\text{FBRR} - .1) \text{ divided by } (\text{EXRV} - 1.0)$
- If the result is greater than 2, then the Expenditures Revenue score is assigned a 3
- If the result is greater than 1 but less than 2, then the Expenditure Revenue score is assigned a 2

**Days Cash on Hand (has a weighting of 10%)**

- Category 4 At least 180 days cash on hand [lowest risk]
- Category 3 Less than 180 days cash on hand to at least 90 days cash on hand
- Category 2 Less than 90 days cash on hand to at least 30 days cash on hand
- Category 1 Less than 30 days cash on hand [highest risk]

**Percentage of Short-Term Borrowing and Long-Term Borrowing Remaining (Short-term and Long-term borrowing each has a weighting of 10%)**

- Category 4 Greater than or equal to 75% debt margin remaining [lowest risk]
- Category 3 Less than 75% but at least 50% debt margin remaining



Category 2	Less than 50% but at least 25% debt margin remaining
Category 1	Less than 25% debt margin remaining [highest risk]

The Total Profile Score is the sum of the five weighted scores. The highest score a district may receive is a 4.00 and the lowest score is 1.00.

### Your School District Financial Profile Designation:

If a district receives a score of **3.54 - 4.00**, they are in the highest category of financial strength - **Financial Recognition**. These districts require little or no review or involvement by ISBE unless requested by the district.

If a district receives a score of **3.08 - 3.53**, they are in the next highest financial health category of **Financial Review**. Districts in this category will be given a limited review by ISBE, but they will be monitored for potential downward trends. Staff will be assessing the next year's school budget for negative trends.

If a district receives a score of **2.62 - 3.07**, they are placed in the category of **Financial Early Warning**. ISBE will be monitoring these districts closely and offering proactive technical assistance (e.g., financial projections and cash flow analysis, etc.) These districts will also be reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the **School Code** to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.

If a district receives a score of **1.00 - 2.61**, they are in the highest risk category of **Financial Watch**. As with the Financial Early Warning districts, ISBE will be monitoring these districts very closely and offering them technical assistance including, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories, and enrollment projections. These districts will also be reviewed to determine whether they meet criteria set forth in Article 1A-8 of the **School Code** to be certified in financial difficulty and qualify for a Financial Oversight Panel.

Your comments regarding your district's finances are an integral part of the profile. While the Profile is generated from the District's Annual Financial Report (AFR), there are often extenuating circumstances outside of the School Administration's control which have a financial impact on the district. It is within the Comments portion of the Profile that districts are afforded the opportunity to verbally and publicly convey what has transpired in their district which may have or will impact their Total Profile Score. This will allow for the explanation of significant local financial issues such as cash versus accrual accounting implications and timing of revenue receipts versus expenditures incurred for unique circumstances such as school construction projects. In this capacity, the Profile can be implemented as a communication vehicle for a district's constituents.

We will present Total Profile Scores with the applicable School District comments at our anticipated March Board Meeting. The Profile Scores and Comments will then be listed at the [School District Financial Profile](#) website. This website includes a seven year analysis (sorted by district name, county, and designation), a searchable application that will display a 5-year track record.



The information provided by the School Profile is a snapshot of variables for schools to give the reader a quick estimate of the fiscal stability of a school district. The chart above has been compiled from the most recent School Financial Profile available from the Illinois State Board of Education.

The following generalizations can be made from the “financial profiles”:

- Hillsboro have been given a “Review” status with Litchfield and Panhandle receiving designations of “Recognition” for fiscal stability
- The districts in this study have modest to significant surpluses in their working cash funds. Iroquois has been allowing its working cash fund levy to accumulate.
- Both districts had positive fund balances in the end of the year.
- All of the districts have between 70 (Litchfield and Panhandle) and 90 (Hillsboro) Long Term Debt margin remaining. This indicates the future ability to generate additional revenue, if needed, through the sale of long term debt. Keep in mind that long term debt remains with the district incurring it.
- Both of the districts have disparate “Days of Cash” on hand with Hillsboro having 72, Panhandle 70 and Litchfield 90.
- **Results of 2017 Financial Profile for Districts**
  - Hillsboro Profile Score - Review, Litchfield, - Review Panhandle Profile Score – Recognition
  - Days Cash on Hand - Hillsboro 93 Litchfield - 75 Panhandle 134
  - Long Term Debt Remaining - Hillsboro 72 Litchfield - 90 Panhandle 70%
  - Beginning Fund Balance: Hillsboro \$3,166,975 Litchfield \$3,877,996 Panhandle \$2,942,232
  - Ending Fund Balance – Hillsboro \$ 3,359,142 Litchfield \$2,985,996 Panhandle \$22,435,636
  - Working Cash Balance - Hillsboro \$1,672,970 \$ Litchfield 1,207,528 Panhandle \$182,710

## Reorganization and Incentive Payments

### Evidence Based Funding (EBF) Difference Payment (Section 11E of the School Code)

Qualifying for this payment are new school districts formed by combining property within two or more previously existing districts under Article 11E and school districts which annex or dissolve all of the territory of one or more other school districts under Article 7. For example, if the EBF is less for the newly consolidated district in the first year than the EBF would have been that same year on the basis of the previously existing districts, a supplementary payment equal to the difference shall be made for the first four years to the new district. For reorganizations, if the EBF is less for the reorganized district or for the first year in which reorganization is effective than in that same year on the basis of the original districts as constituted prior to the reorganization, then a supplementary payment equal to the difference shall be made for the first four years to the reorganized district. Also eligible for this payment are the new elementary districts and the new high school district formed under Article 11E, if these new districts qualify for less EBF than would have been payable to the previously existing districts.

The newly consolidated, or cooperative HS district would receive *as listed below* for the next four school years if the reorganization had been passed by a majority of voters in each affected district, except for a deactivated district in which only the sending district must approve at an election. This figure has been received from the School Business Services Division from the Illinois State Board of Education.

**Evidence Based Funding payments for four years at \$108,815 annually.**

**Scenario 1. Total for four years = \$436,260**

**Evidence Based Funding payments for four years at \$10,150 annually.**

**Scenario 2. Total for four years = 40,760**

**Teacher Salary Difference Payment (Section 11E-135 of the School Code)**

The state will make a supplementary payment for four years to the district formed, equal to the difference between the sum of the salaries earned by each certified member of the new district while employed in one of the previously existing districts, and the sum of the salaries those certified members would have been paid if placed on the salary schedule of the previously existing district with the highest salary schedule. The salaries used in these calculations are those in effect in each of the previously existing districts on June 30, prior to the creation of the new district. The state will make a supplementary payment for four years to newly reorganized districts, equal to the difference between the sums of the salaries earned by each certified member of the previous district, as they would have been paid if placed on the salary schedule of the newly enlarged district. *The salaries used in these calculations are those in effect in the previous districts on June 30 prior to the effective date of the reorganization.*

By calculating the salaries of current certified staff members in the new district, an estimate of *as listed below* per year is calculated. Therefore, over a four-year period approximately *as listed below* should be received in the certified salary differential from ISBE. It should be noted that these figures are based upon salaries prior to a successful reorganization. The “actual” salary figures are based upon a teacher-by-

teacher comparison with salaries from previous and current school district salary schedule placement in a newly reorganized district. A teacher by teacher salary comparison is included in the packet of incentives as calculated by ISBE.

**Scenario 1: Panhandle, Hillsboro, Litchfield = \$290,836 annually for four years. Total Incentives for Scenario 1 = \$1,163,344**

**Scenario 2: Hillsboro, Litchfield = \$144,311 annually for four years. Total incentives for Scenario 2 = \$579,244**

The actual number would be calculated on a teacher by teacher basis after a successful reorganization which is included. For purposes of this study and in keeping with Illinois law only the salaries of certified staff are included in this incentive. Salaries of administrators and non-certified personnel are not included in the incentive. Individual salaries are included in the incentives provided by the State of Illinois. Salaries are assumed to gravitate to the highest current salaries in the districts within this study.

#### **Deficit Difference Payment (Section 11E-135 of the School Code)**

Eligible for this payment are new school districts formed by combining property within two or more previously existing districts. The payment is made once and is equal to the difference between the larger and smaller deficits. If more than two districts are involved, the payment is equal to the sum of the differences between the smallest deficit and each of the other deficits. Based on the method set forth in Section 11E-135, deficits are calculated by totaling the audited fund balances in the educational fund, the working cash fund, the operations and maintenance fund, and the transportation fund

for each previously existing district or each of the annexing and annexed districts, as the case may be. A district with a combined fund balance that is positive will be considered to have a deficit of zero. *The calculation is based on the year ending June 30 prior to the referendum for the creation of the new district*, or in the case of annexation under Article 7, the June 30 prior to the date that the annexation is approved by the regional board of school trustees. New school districts formed are eligible for the deficit difference payment and the payment shall be allocated among these newly formed districts, as provided for in the petition for the formation of such districts. House Bill 2638, passed in the summer legislative session of 1994 has altered the formula for Deficit Difference Payments in the following manner:

“For purposes of determining each district’s audited fund balances, a calculation shall be made for each fund to determine the average for the three years prior to the specified year ending June 30 in subsections (a), (b), (c) of the district’s expenditures in the categories: purchased services, supplies and materials, and capital outlay as those categories are defined by the Illinois State Board of Education. If the three-year average is less than the district’s expenditures in these categories for the specified year ending June 30 as provided in subsection (a), (b), (c), then the three-year average shall be used in calculating the amounts payable under this Section in place of the amounts shown in these categories for the specified year ending June 30 as provided in subsections (a), (b), and (c).”

For purposes of calculating an approximate incentive for a newly formed district encompassing the districts involved in this study, fund balances were taken from the 2017 Annual Financial Report for the following funds: Education, Operations, Building and Maintenance, Transportation, and Working Cash. **Based upon these criteria, the newly created district for both Scenarios would not be eligible for any financial incentive.**

#### **\$4,000 Payment for Certified Employee (Section 11E-135)**

At the end of the second and third school years, an annual supplementary state aid reimbursement shall be paid to a reorganized district equal to the sum of \$4,000 for each certified employee who is employed by the new district on a full-time basis for the regular term of such school year. The state payment shall be made within 60 days after the end of the first, second, and third year of the reorganized district. Reorganized districts qualifying for this payment include: new school districts formed under Article 11E, new elementary districts formed under Article 11E, one or more annexing districts following the annexation of all the territory of one or more entire school districts, but only if an annexing district acquires at least 30 percent of the Average Daily Attendance of the district being dissolved, school districts formed under Article 11E.

HB2638 also changed the formula for a newly reorganized district to receive this incentive in the following manner: "The State Board of Education will make a one-time calculation of a reorganized district Quintile Ranks. The average daily attendance used in this calculation shall be the best three months' average daily attendance for the district's first year. The equalized assessed value per pupil shall be the district's real

property equalized assessed value used in calculating the district's first year Evidence Based Funding divided by the best 3 months average daily attendance.

Therefore, since this calculation will now be made during the newly reorganized district's first year of existence, it is impossible to predict before the consolidation. Certified staff of a newly consolidated district would be eligible for the following payments for a variable year period following the successful reorganization:

**The District would receive \$912,000 annually for two years (at the end of the second, and third year) for Scenario 1 and \$760,000 for Scenario 2. Therefore, in the fall of Years 2 and 3 of the newly reorganized district, there would be an annual payment of the aforementioned amounts for a total amount of \$1,824,000 for Scenario 1 and \$1,520,000 for Scenario 2.**

### **Summary of Reorganization Incentives**

The Evidence Based Funding incentive would result in a payment for EBF for the new district. This amount is based upon estimated calculations of EBF. These incentive payments are payable to the new district for the first four years of their reorganization. Due to the availability of EBF funding amounts per district, this incentive will be only be available after April.

The certified staff salary difference payment would depend upon the staff of the newly reorganized district. Essentially, the certified staff of the unit districts would be placed upon a new collectively bargained salary schedule. The estimated amount the newly reorganized district is variable with the number of staff employed by the newly reorganized district. These numbers are taken from salary schedules and teachers' lists

provided by the districts. In this incentive, theoretically, staff of the lowest paying district would be increasing staff salaries to bring them to the level of the salary schedule of the highest paying district. Please keep in mind that all collective bargaining agreements are dissolved in a newly reorganized district and must be renegotiated with the new certified/non-certified staff. However, it is hard to conceptualize any eventuality that would preclude the districts from beginning at the point of the highest current salary schedule for their negotiations. Individual costs to bring the teachers to this schedule are listed on the ISBE estimates which are included at the end of this chapter. It must be remembered that after four years, the newly reorganized district would have to be ready to absorb the increased labor costs for their certified and non-certified employees. There are no estimates of the costs for non-certified employees from ISBE but it can only be concluded that their salaries would also escalate to the point of the highest non-certified staff level.

It should be noted that all incentive money is considered **unrestricted** for spending purposes for the new district. Essentially, the newly created district can budget for and expend these funds as they determine necessary.

Having listed the costs of the salary differential, there would be savings incurred by the newly reorganized district in coalescing the certified and non-certified staff of the districts. Certainly, there would be substantial savings in the central office staff and administration of the districts. There will undoubtedly be other staff reductions, especially in the high school and junior high staff, as both districts, are providing a duplicated high and junior high school program. *It will be up to the new Board of*



Education to make these determinations for staffing levels for the newly reorganized district.

### **Reorganization Incentives**

- **Total Incentives**; Scenario 1 = \$3,422,604  
Scenario 2 = \$2,140,084
- **EBF Difference Incentive** = Scenario 1 = \$435,260  
Scenario 2 = \$40,760
- **Deficit Fund Balance Incentive** = Scenario 1/2 = \$0
- **\$4,000 Certified Staff Incentive** = Scenario 1 = \$1,824,000  
Scenario 2 = \$1,520,000
- **Salary Difference Incentive** = Scenario 1 = 1,163,344  
Scenario 2 = \$579,244

### **Incentive Payment History**

Included in the following chart are the reorganization incentives provided to school districts since 1986. The consultant is often asked, “Has the State of Illinois always paid its obligations for these reorganizations. “ In 1987, ISBE did not allocate a sufficient amount in its line item for reorganization to pay all authorized incentive costs. ISBE prorated the amount given to all school districts based on the amount available and paid the remaining costs in full the following year. In 2003, Governor Blagojevich deleted the line item for reorganization costs in his original budget presented to the General Assembly. In 2004, Governor Blagojevich partially reduced the line item for reorganization incentives. These line items were totally restored in his final budget by the legislature. Recently, in 2013, ISBE pro-rated the total incentives at 89% but then later in the later restored the funds to 100%. For FY 2014 and 2015 these payments were vouchered and paid at 100%. For FY 2016 they were vouchered and paid at 76%.

For 2017 they were vouchered at 100% with excess funds used to cover a portion of the FY 2016 shortfall raising the proration from 76% to 94%. Note: Notwithstanding this proration, districts eligible and having been vouchered their payments for this year have not as yet received payments due to the high backlog of unpaid bill by comptroller.

**NOTE: INCENTIVE PAYMENTS ARE AT THE END OF THIS DOCUMENT AND SENT AS AN ATTACHEMENT IN ORDER PRESERVE THE ORIGINAL FORMAT OF THESE DOCUMENTS AS SENT BY THE STATE OF ILLINOIS.**

Reorganization Incentives:

ESP PERSONNEL/SENIORITY LIST REQUIREMENTS

FY 1986	\$1,361,511
FY 1987	\$859,764
FY 1988	\$1,767,794
FY 1989	\$8,144,705
FY 1990	\$9,531,341
FY 1991	\$6,000,000
FY 1992	\$6,000,000
FY 1993	\$8,400,000
FY 1994	\$17,669,000
FY 1995	\$14,785,497
FY 1996	\$14,075,596
FY 1997	\$9,116,918
FY 1998	\$6,030,925
FY 1999	\$3,970,770
FY 2000	\$3,608,208
FY 2001	\$3,177,269
FY 2002	\$3,484,142
FY 2003	\$1,522,906
FY 2004	\$880,027
FY 2005	\$3,514,822
FY 2006	\$6,991,436
FY 2007	\$7,286,707
FY 2008	\$5,759,186
FY 2009	\$5,468,819
FY 2010	\$3,022,204
FY 2011	\$3,228,635
FY 2012	\$1,593,037
FY 2013	\$2,667,683
FY 2014	\$2,847,384
FY 2015	\$2,881,247

New legislation passed in the Spring of 2007 now gives ESP personnel seniority bumping rights in the various kinds of reorganization options. The actual wording of the legislation is included for your edification.

### **Deactivation in ESP**

When the deactivation of school facilities becomes effective pursuant to this Section, the provisions of subsection (b) of Section 10-23.5 of this Code relative to the transfer of educational support personnel employees shall apply, and the positions at the school facilities being deactivated that are held by educational support personnel employees at the time of the deactivation shall be transferred to the control of the board or boards that will be receiving the district's students on the following basis:

- (A) positions of such educational support personnel employees that were full-time positions shall be transferred to the control of whichever of the boards the employees request, with the educational support personnel employees making these requests proceeding in the order of those with the greatest length of continuing service with the board to those with the shortest length of continuing service with the board, provided that the number selecting one board over another board or other boards must not exceed that proportion of students going to such board or boards; and
- (B) positions of such educational support personnel employees that were full-time positions and as to which there is no selection left under subdivision (A) shall be transferred to the appropriate board.

The length of continuing service of any educational support personnel employee thereby transferred to another district is not lost and the receiving board is subject to this Code with respect to that transferred educational support personnel employee in the same manner as if the educational support personnel employee was the district's employee during the time the educational support personnel employee was actually employed by the board of the deactivating district from which the position was transferred.

### **Conversion or Multi-Unit Conversion ESP**

When a school district conversion or multi-unit conversion becomes effective for purposes of administration and attendance, as determined pursuant to Section 11e-70 of this Code, the provisions of subsection (b) of Section 10-23.5 of this Code relative to the transfer of educational support personnel employees shall apply, and the positions held by educational support personnel employees shall be transferred on the following basis:

- (1) Positions of educational support personnel employees that, during the 5 school years immediately preceding the effective date of the change, as

determined under Section 11E-70 of his Code, were full-time positions in which all of the time required of the position was spent in one or more of grades 9 through 12 shall be transferred to the control of the school board of the new high school district or combined high school – unit district, as the case may be.

- (2) Positions of educational support personnel employees that, during the 5 school years immediately preceding the effective date of the change, as determined under Section 11E-70 of this Code, were full-time positions in which all of the time required of the position was spent in one or more of the grades kindergarten through 8 shall be transferred to the control of the school board of the newly created successor elementary district; and
- (3) Positions of educational support personnel employees that were full-time positions not required to be transferred to the control of the school board of the new high school district or combined high school – unit district, as the case may be, or the school board of the newly created successor elementary district under subdivision (1) or (2) of this subsection (a-5) shall be transferred to the control of whichever of the boards the educational support personnel employee requests.

With respect to each position to be transferred under this subsection (a-5), the amount of time required of each position to be spent in one or more of grades kindergarten through 8 and 9 through 12 shall be determined with reference to the applicable records of the unit district being dissolved pursuant to stipulation of the school board of the unit district prior to the effective date of its dissolution or thereafter of the school board of the newly created districts and with the approval in either case of the regional superintendent of schools of the educational service region in which the territory described in the petition filed under this Article or the greater percentage of equalized assessed evaluation of the territory is situated; however, if no such stipulation can be agreed upon, the regional superintendent of schools, after hearing any additional relevant and material evidence that any school board desires to submit, shall make the determination.

## **11 E ESP**

(b) In the case of a new school district or districts formed in accordance with Article 11E of this Code, a school district or districts that annex all of the territory of one or more entire other school districts in accordance with Article 7 of this Code, or a school district receiving students from a deactivated school facility in accordance with Section 10-22.22b of this Code, the employment of educational support personnel in the new, annexing, or receiving school district immediately following the reorganization shall be governed by this subsection (b). Lists of the educational support personnel employed in the individual districts for the school year immediately prior to the effective date of the new district or districts, annexation, or deactivation shall be combined for the districts forming the new district or districts, for the annexed and annexing districts, or for the

deactivating and receiving districts, as the case may be. The combined list shall be categorized by positions, showing the length of continuing service of each full-time educational support personnel employee who is qualified to hold any such position. If there are more full-time educational support personnel employees on the combined list than there are available positions in the new, annexing, or receiving school districts, then the employing school board shall first remove or dismiss those educational support personnel employees with the shorter length of continuing service within the respective category of position, following the procedures outlined in subsection (a) of this Section. The employment and position of each educational support personnel employee on the combined list not so removed or dismissed shall be transferred to the new, annexing, or receiving school board, and the new, annexing, or receiving school board is subject to this Code with respect to any educational support personnel employee so transferred as if the educational support personnel employee had been the new, annexing, or receiving board's employee during the time the educational support personnel employee was actually employed by the school board of the district from which the employment and position were transferred.

The changes made by this amendatory Act of the 95<sup>th</sup> General Assembly shall not apply to the formation of a new district or districts in accordance with Article 11E of this Code, the annexation of one or more entire districts in accordance with Article 7 of this Code, or the deactivation of a school facility in accordance with Section 10-22.22b of this Code effective on or before July 1, 2007.

### **11E Optional Elementary Combined ESP**

(c) When the creation of a unit district or a combined school district becomes effective for purposes of administration and attendance, as determined pursuant to Subsection 11E-70 of this Code, the positions of educational support personnel employees in the districts involved in the creation of the new district shall be transferred to the newly created district pursuant to subsection (b) of Section 10-23.5 of this Code. The length of continuing service of any educational support personnel employee thereby transferred to the newly created district is not lost and the new school board is subject to this Code with respect to the transferred educational support personnel employee in the same manner as if the educational support personnel employees had been that district's employee during the time the educational support personnel employee was actually employed by the school board of the district from which the position was transferred.

*Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 95<sup>th</sup> General Assembly.*

## **SCHOOL DISTRICT REORGANIZATION HISTORY 1983 - 2008**

### School District Reorganization in Illinois 1983-2008: Where Are We Now?

During the last twenty years, many school districts in Illinois have changed the size of the geographic area that they serve and in the manner in which they are organized. Although today, it seems that Illinois has an extremely large number of districts, it should be remembered that a few decades ago, this state had an even larger number of districts. Before the end of the second world war, Illinois had nearly 12,000 school districts. Through an evolutionary process, that number has decreased to the point where the current number of school district in Illinois is 889.

During the early 1980's the concept and problems dealing with school district reorganization were extensively studied by ISBE and others not only in Illinois but throughout the USA. In 1983, the first three "financial incentives" were offered to school districts that reorganized. They included incentive money that guaranteed the equalization of salaries of all full-time certified staff of a newly reorganized district for three (now four) years. General State Aid was "held harmless", in that a duplicate calculation was made by ISBE for the initial three (now four) years of a newly reorganized district. If General State Aid was calculated to be a higher amount separately than a newly reorganized district, the best of the calculations were given to the district for three (now four) years. The third incentive was a one-time payment to a newly reorganized district to erase the "operational deficit" of combining districts. Over the years this has evolved into a complicated formula that essentially allows combining districts to start with at least a "zero deficit" in its major operating funds. Lastly, in 1985, the so-called \$4,000 incentive was enacted by the General Assembly. This incentive guaranteed an annual payment of \$4,000 per full-time certified staff member for a period of from one to three years

based upon a formula called the “quintile system” which essentially gives more payments to smaller, poorer in EAV per student districts that reorganize.

There has been increasing emphasis in recent years on reducing the total number of school districts and on increasing the geographic area served by districts in order to increase district’s student enrollment and gain economic efficiency. In May of 1985, the State Board of Education published a study on school district organization. The report found that there was evidence that student’s “in the hundreds of very small districts were receiving a significant loss in opportunity to learn when the courses available to them are compared with those available in students in high schools with enrollments of over 500 pupils.” That study concluded that the current system of organization meant that “uniform access to both adequate financial support and reasonable educational quality is not permitted by the present organization of our school districts.”

Public Act 84-126 made sweeping changes and *mandated* the school reorganization of many smaller districts into larger districts through an elaborate set of procedures. However, due in no small part to tremendous political pressure, shortly after that law was passed, the General Assembly modified the law by Public Act 84-115 which became effective, March 20, 1986. That law effectively eliminated the mandatory reorganization procedures which had been created by the earlier law. One of the requirements of the original law however was that each Regional Office of Education conduct a “required study of reorganization.” It is with this beginning that currently ISBE awards districts interested in studying reorganization a payment for a feasibility study.

Notwithstanding the General Assembly amendment which caused Illinois to step back from mandated reorganization, there still exists strong interest and concern about what has



come to be called “school consolidation.” This article will deal briefly with some of the major issues involved in reorganization, how it has evolved in Illinois since 1983 and to highlight some of the issues to be analyzed and the strategies which can be developed when the opportunity and challenge of school district reorganization arises in Illinois. As a consultant that discusses consolidation with a great many school boards, I am often asked about the financial incentives and their reliability. With two exceptions, one in 1996 in which the ISBE line item was not sufficient to pay all of the incentives for that year and last year in which the incentives were entirely eliminated by the Governor then later restored, the financial incentives have played a significant role in districts considering consolidation. The following chart indicates that since 1986, \$120, 376, 373 were spent as incentives for school district reorganization. \*

Legislation since 1983 has removed many of the “disincentives” discouraging reorganization. Included in those disincentives are the equalization of taxing power of dual districts in the education and building fund. However, “disincentives” continue to exist in the transportation, working cash, life safety and lease fund authorized levies for dual districts as compared to a unit district. The following chart will illuminate some of the existing taxing “disincentives.” \*\*

While the mandated avenue of reorganization at the state level has met with a great deal of resistance by the local school districts, the legislature and ISBE has attempted to encourage further reorganization by enacting legislation favorable to districts contemplating reorganization and increasing the time that financial incentives are available for newly combined districts. This variety of methods has sparked a renewed interest with generally smaller unit districts in dealing with their sparse high school populations and also small districts in general are looking at reorganization simply because the “economy of size” has caught up with their districts and

they are finding it increasingly more difficult to fund the quality education of their students in an equitable and efficient manner. The following chart indicates the general requirements and allowable methods for school district reorganization currently. \*\*\*

In any discussion of the variety of methods that are currently available in Illinois for consolidation, the methods have shown a continued strong interest and support by ISBE and the General Assembly to encourage school district to consider school district consolidation. Over the last twenty years, there have several task forces discussing reorganization culminating with EFAB of 2003 in which sweeping changes were recommended. With this variety of methods, there exists a veritable “potpourri” of allowable methods for all three kinds of school districts.



# Illinois State Board of Education

July 31, 2006

## CITIZENS' GUIDANCE TO SCHOOL DISTRICT REORGANIZATION

*This document is intended to provide non-regulatory guidance on the subject matter listed above. For specific questions, please contact the person(s) identified in the document.*

**Rod R. Blagojevich, Governor**

**Illinois State Board of Education**

Jesse H. Ruiz, Chairman • Dr. Christopher J. Ward, Vice Chair • Dr. Vinni M. Hall, Secretary Dr. Andrea S. Brown • Dean E. Clark • Dr. David L. Fields • Edward J. Geppert, Jr. Brenda J. Holmes • Joyce E. Karon

Dr. Randy J. Dunn, State Superintendent

**Printed by AFL-CIO (AFSCME Local #288 and IFSOE Local #3236) Employees**

Note: The process described below is intended as general guidance and not legal advice.

## **SCHOOL DISTRICT REORGANIZATION EFFORT BY CITIZENS**

### **A. How do I start?**

School district reorganization efforts sometimes begin with citizens rather than school boards. The community might have discussed this idea for years before any action occurs. Citizens will need to consider many factors to determine whether reorganization is a good option for their school district, as discussed in Question C below. If a group of citizens concludes that a reorganization should move forward, a petition will need to be filed.

### **B. What are the school district reorganization options?**

There are several types of school district reorganization. They are:

1. Deactivation
2. Cooperative high school
3. Detachment/annexation
4. Dissolution/annexation
5. High School-Unit conversion
6. Unit district formation (Consolidation)
7. Combined school district
8. Unit to dual conversion
9. Optional elementary unit district (new)
10. Combined high school-unit district (new)
11. Multi-unit conversion (new)

The Illinois State Board of Education has a more comprehensive guidance document, available at [www.isbe.net/sfms/html/pa\\_94-1019.htm](http://www.isbe.net/sfms/html/pa_94-1019.htm), which describes in greater detail the available options.

### **C. What information should I gather?**

To determine whether reorganization is in the best interest of your school district, its students, and the community as a whole, you will need to assess curriculum, finances, school buildings, student transportation, extra-curricular activities, community feelings, and interest from neighboring school districts.

### **D. What is a Committee of Ten, and do I need one?**

A Committee of Ten is a group of ten petitioners that has authority to act as attorney in fact for all petitioners. Such a committee may amend the petition and make binding stipulations on behalf of all petitioners. A Committee of Ten must be designated in all petitions filed under the new Article 11E. However, for detachment and dissolution, only those petitions that contain more than 10 signatures

must designate a Committee of Ten. Deactivations and cooperative high schools may go to referendum through school board resolution; a Committee of Ten is not needed.

**E. Will I need the services of an attorney?**

Typically, an attorney is hired to draft the petition for the group of citizens or the school board(s). While an attorney is not required, hiring one can be beneficial because to be valid, a petition must comply with several statutory provisions. Additional information must be included if the district is subject to a tax cap. In addition, the petitioners often enlist the help of an attorney for the hearing.

**F. What are the petition requirements?**

There are no statutorily required forms for petitions, other than that petitions must include certain minimum requirements as listed below.

Minimum requirements for an Article 11E petition are:

1. A request to submit the proposition at a regular scheduled election,
2. A description of the territory comprising the districts proposed to be dissolved and those to be created,
3. A specification of the maximum tax rates for various purposes the proposed district or districts shall be authorized to levy for various purposes, and if applicable, the specifications related to the Property Tax Extension Limitation Law,
4. A description of how supplementary State deficit difference payments will be allocated,
5. Where applicable, a division of assets and liabilities to be allocated,
6. A designation of a committee of ten of the petitioners as attorney in fact,
7. Voter signatures with residence address, including those of the committee of ten of the petitioners, or board resolutions,
8. Sheets of uniform size,
9. Heading (prayer) on each sheet which includes the question to be submitted, where it will be submitted, and the election at which it will be submitted,
10. Signature of a circulator who has witnessed the signature of each petitioner on that page, and
11. Petition sheets that are bound securely and numbered consecutively.

**Minimum requirements for a Section 7-1 petition are:**

1. Full prayer on each page, and if a dissolution, the question to be submitted, where it will be submitted, and the election at which it will be submitted,
2. Board resolutions, or signatures that match the official signatures and addresses of the registered voters as recorded in the office of the election authority having jurisdiction over the county, including those of the committee of ten of the petitioners,
3. Date of signing recorded by each petitioner,
4. Assertion that the proposed district will have a population of at least 2,000 and an equalized assessed valuation of at least \$6 million,

5. Assertion that the districts after the granting of the petition will be compact and contiguous,
6. Description of the property to be dissolved and annexed, or if a detachment, a legal description of the property to be detached and annexed,
7. When the petition contains more than ten signatures, a designation of a committee of ten of the petitioners,
8. Sheets of uniform size,
9. Signature of a circulator who has witnessed the signature of each petitioner on that page, and
10. Petition sheets that are bound securely and numbered consecutively.

**Minimum requirements for a Section 7-2 petition are:**

1. Assertion that the proposed district will have a population of at least 2,000 and an equalized assessed valuation of at least \$6 million,
2. Assertion that the districts after the granting of the petition will be compact and contiguous,
3. Description of the property to be dissolved and annexed, or if a detachment, a legal description of the property to be detached and annexed,
4. When the petition contains more than ten signatures, a designation of a committee of ten of the petitioners,
5. Voter signatures with residence address, including those of the committee of ten of the petitioners, or board resolutions,
6. Signature of a circulator who has witnessed the signature of each petitioner on that page,
7. Sheets of uniform size,
8. Heading (prayer) on each sheet, and if a dissolution, the question to be submitted, where it will be submitted, and the election at which it will be submitted, and
9. Petition sheets that are bound securely and numbered consecutively.

A subsection 7-2a(a) petition will always be either a Section 7-1 or 7-2 petition. However, subsection 7-2a(a) further requires that the district to which the dissolving district shall be annexed be specified in the petition.

The only express statutory requirement for a subsection 7-2a(b) petition is that it include voter signatures, including those of the committee of ten of the petitioners if applicable, or a board resolution. However, a description of the property to be dissolved is necessary for a determination by the regional board of school trustees about where to annex the dissolving district.

**G. What is included on the signature pages of a petition?**

Where voter signatures are a required part of a petition, signature sheets must be prepared prior to circulation. Each signature sheet must include a heading (prayer) and space for petitioner signatures and residence addresses (except for a subsection 7-2a(b) dissolution). At the bottom of each signature sheet, a circulator's statement must be included. The circulator's statement must be signed by a person 18 years of age or older who is a citizen of the United States, stating the street address or rural route number, as

well as the county, city, village or town, and state. The statement shall certify that the signatures on that sheet of the petition were signed in the circulator's presence and are genuine. The statement shall further certify that to the best of the circulator's knowledge and belief the persons so signing were at the time of signing the petition registered voters of the political subdivision in which the question of public policy is to be submitted and that their respective residences are correctly stated therein. Such statement shall be sworn to before some officer authorized to administer oaths in this State.

#### **H. How do I circulate the petition for signatures?**

Volunteers typically walk door-to-door or set up in a public location to ask registered voters to sign. As circulators, such volunteers must certify that they personally witnessed the voters sign.

#### **I. How many signatures do I need?**

If the petition is for a reorganization option under Article 11E of the School Code, you will need it signed by at least 50 legal resident voters or 10% of legal resident voters, whichever is less, from each affected district, or approved by the boards of each affected district.

Article 7 reorganizations generally require that a petition be submitted by the boards of each district affected or by a majority of the registered voters in each district affected or by two-thirds of the registered voters in any territory proposed to be detached from one or more districts or in each of one or more districts proposed to be annexed to another district. If there are no registered voters within the territory proposed to be detached from one or more districts, then the petition may be signed by all of the owners of record of the real estate of the territory. An exception is a dissolution petition filed pursuant to Section 7-2a. A subsection 7-2a(a) petition may be made by the board of education or a majority of the legal voters residing in the district proposed to be dissolved. No petition from any other district affected shall be required. A subsection 7-2a(b) petition may be adopted by resolution of the board of education or signed by a majority of registered voters of the district seeking the dissolution.

No petition is required for a deactivation or cooperative high school. Instead, the question can be put on a ballot through school board resolution.

#### **J. Where do I file the petition?**

For an Article 11E reorganization where the territory described in the petition lies entirely within one educational service region, the petition is filed with the regional superintendent of schools for that region. Where the territory described in the petition lies within two or more educational service regions, the petition is filed with the regional superintendent who has supervision over the greater or greatest percentage of equalized assessed valuation. For an Article 7 reorganization, the petition is filed with the regional superintendent of schools of the regional office of education in which the territory described in the petition is situated. Information about regional offices is available at [www.isbe.net/regionaloffices](http://www.isbe.net/regionaloffices).

#### **K. What happens after I file a petition?**

The regional superintendent will determine whether the petition is valid. If so, he or she will publish notice of a public hearing on the petition.

**L. Who is responsible for paying the costs associated with a reorganization?**

The petitioners are responsible for paying the costs of publishing the hearing notices and the costs of the transcript of the public hearing. Most regional superintendents require a deposit to cover these costs at the time of filing the petition. Additionally, the petitioners are responsible for their expenses to draft the petition and any attorney fees they incur.

**M. What is the purpose of the hearing?**

With the exception of a subsection 7-2a(b) dissolution where the regional board of school trustees shall hear evidence only to decide where to annex the dissolving district, a hearing is conducted to determine whether there is adequate evidence that the petition should proceed to the next step of the process. Where a detachment petition is approved, the districts involved may begin the transition. Where a dissolution petition is approved, the regional superintendent will forward the public policy question to the clerk to be placed on the ballot. Where an 11E petition is approved, the regional superintendent will forward the petition to the State Superintendent for review.

**N. Who conducts the hearing?**

The regional superintendent or the regional board of school trustees, depending on what type of reorganization is sought, conducts the hearing. In certain cases, a joint hearing will be held with another region.

**O. What happens during the hearing?**

The regional superintendent listens to oral testimony and reviews evidence in the record from those in favor of and those opposed to the petition to reorganize the school districts. Anyone in any affected district may attend the hearing to testify or submit written testimony.

**P. Who makes the final decision about whether a dissolution or Article 11E reorganization is put on the ballot?**

For a dissolution, the regional board of school trustees will make a final determination. For an Article 11E reorganization, the regional superintendent of schools approves or denies the petition. The State Superintendent of Education reviews the petition to make a final decision. Decisions by a regional board or the State Superintendent may be appealed through the Administrative Review Law.

**Q. How does the question get placed on the ballot?**

If approved, the regional superintendent submits the question to the county clerk(s) to be printed for the appropriate election.



**R. If the referendum fails, may I try again?**

Yes, however, you may have to wait **up to two years before submitting a petition that covers the same territory.**

**S. If the referendum is successful, what is the next step?**

The school districts involved will need to plan for the transition.

**T. Where can I look for more information?**

Three helpful resources are:

1. The Illinois School Code, Article 7, Article 11E, Section 10-22.22 b and Section 10-22.22c (105 ILCS 5/7, 105 ILCS 5/11E, 105 ILCS 5/10-22.22b, and 105 ILCS 5/10-22.22c),
2. Brochures on [http://www.isbe.net/sfms/html/reorg\\_school.htm](http://www.isbe.net/sfms/html/reorg_school.htm), and
3. The Public Act 94-1019 Guidance Document

## Glossary of Terms

**Assessed Value:** The amount entered on the assessment rolls as a basis for division of the tax burden. This amount is subject to the State equalization factor and the deduction of the homestead exemptions.

**Average Daily Attendance (ADA):** The aggregate number of pupil days in attendance divided by the number of days in the regular school session. A pupil who attends school for five or more clock hours while school is in session constitutes one pupil day of attendance. The average daily attendance used to determine General State Aid is the three months of the most recent school year with the highest average daily attendance.

**Categorical Aid:** Money from the State or Federal government that is allocated to local school districts for special children or special programs.

**Corporate Personal Property Replacement Funds:** A state tax on the net income of corporations, partnerships and other businesses was enacted in 1979 to replace the local tax on the assessed value of corporate personal property. These are taxes paid in lieu paid on 1978 and prior years Corporate Personal Property assessed valuation.

**Dual School System:** The situation in which a separate elementary district (grades pre-k-8) and a high school district (grades 9-12) serve the same geographical area.

**Equalization Factor (State multiplier):** The factor that must be applied to local assessments to bring about the percentage increase or decrease that will result in an equalized assessed valuation equal to one-third of the market value of taxable property in a school district (other than farm acreage and buildings).

**Equalized Assessed Valuation:** The assessed value of real property multiplied by the State equalization factor; this gives the value of the property from which the tax rate is calculated after deducting homestead exemptions, if applicable. For farm acreage and buildings, the final assessed value is the equalized value. In determining a district's wealth for General Stated Aid purposes, a district's corporate personal property replacement funds are divided by a total tax rate to generate a corporate personal property replacement equalized assessed valuation. This computed amount is combined with a district's real property equalized assessed valuation to determine its wealth for computing General State Aid Entitlement and Regular Pupil Transportation Claims.

**Extension:** The process by which the County Clerk determines the tax rate needed to raise the revenue certified to the County Clerk by each school district in the county. The extension is the actual dollar amount billed to the property taxpayers.

**Foundation Level:** A dollar level of financial support per student representing the combined total of state and local resources available as a result of the state aid formula. The General State Aid Formula for 1989-90 provides a foundation level of \$2,384.25 per weighted pupil, provided the district has an operating tax rate equal to or in excess of 1.28 percent, 1.10 percent or 2.18 percent for elementary, high school, and unit districts, respectively. The foundation level is dependent upon the State appropriation for General State Aid.

**Joint Agreement and/or Cooperative:** An educational program or programs in which two or more local education agencies and/or eligible institutions of higher education agree to participate by uniting efforts in accordance with a written agreement and by designating a fiscal and legal agent.

**Levy:** The amount of money a school district certifies to be raised from the property tax.

**Operating Expense Per Pupil:** The gross operating cost of a school district (excepting summer school, adult education, bond principal retired, and capital expenditures) divided by the average daily attendance for the regular school term,

**Operating Tax Rate:** A school district's total tax rate less the tax rates for bond and interest, rent, and vocational and junior colleges. Districts may include tax rates extended for the payment of principal and interest on bonds issued for Fire Prevention, Safety, Environmental, Energy, and Working Cash at the rate of .05 percent per year for each purpose or the actual tax rate extended, whichever is less.

**Per Capita Tuition Charge:** The amount of local school district charges as tuition to nonresident students as defined by Section 18-3 of The School Code of Illinois. This amount represents expenditures from local taxes and common school fund monies and is generated by deducting revenues for various state categorical programs, local user fees, and federal receipts from the operating expenses. The divisor is the average daily attendance during the regular school term.

**Regional Superintendent:** The chief school officer for the county or counties that comprise an educational service region. The Regional Superintendent exercises supervision and control over school districts and cooperatives within that region. There are 57 Regional Superintendents in Illinois.

**State Aid Formulas:** The formulas legislated by the General Assembly for apportioning General State Aid and certain categorical aids.

**Tax Effort:** The extent to which a local school district levies local taxes for schools.

**Tax-Rate Limit:** The tax-rate limit is the maximum tax rate that the county clerk may extend. Illinois law authorizes maximum tax rates without referendum, but districts may increase tax rates, within limits, subject to voter approval. A limited number of tax rates exist without a tax-rate limit.

**Unit District:** A school district that encompasses all grade level (Pre-K-12). A term used interchangeably with a 12-grade district.

**Weighted Pupils:** General State Aid is provided to districts in Illinois based upon average day attendance (ADA). The ADA figure used is subject to the use of weights and adjustments designed to enhance funding levels for pupils with varying educational needs. In the General State Aid law, grade Pre-K-6 pupils are weighted 1.00, grade 7-8 pupils are weighted 1.05, and grade 9-12 pupils are weighted 1.25. These weightings provide a Weighted Average Daily Attendance (WADA) figure. Pupils from families with low incomes provide an additional type of weighting to attendance, one that adjusts average attendance upwards. The additional formula adjustment for low-income pupils in a district ranges from zero to a maximum of .625. In combination, the grade-level weighting and the poverty count adjustment create a district's "CWADA" or Chapter I Weighted Average Daily Attendance figure.



# **SCHOOL DISTRICT FINANCIAL PROFILES**







**REORGANIZATION INCENTIVES WILL BE SENT UNDER SEPARATE COVER**

