

OFFICE OF THE LIEUTENANT GOVERNOR
EVELYN SANGUINETTI – LIEUTENANT GOVERNOR

Local Government Consolidation and Unfunded Mandates Task Force
Meeting Minutes

McLean County Board Room
 115 E. Washington St
 Bloomington, IL
 3:00PM

Name	Title	Organization	Present
Evelyn Sanguinetti	Lt. Governor	State of Illinois	Y
Tom Demmer	Representative	90 th District	Y
Mark Batinick	Representative	97 th District	N
Jack Franks	Representative	63 rd District	N
Emmanuel Chris Welch	Representative	7 th District	Phone
Dan Duffy	Senator	26 th District	N
Dale Righter	Senator	55 th District	Y
Martin A. Sandoval	Senator	12 th District	N
Linda Holmes	Senator	42 nd District	N
Karen Darch	Mayor	Barrington	Y
Karen Hasara	Former Mayor	Springfield	Y
Brad Cole	Executive Director	Illinois Municipal League	Y
Ryan Spain	City Council Member	Peoria	Y
Dan Cronin	Chairman	DuPage County	N
Michael Bigger	Former Chairman	Stark County	Y
Mark Kern	Chairman	St. Clair County	Phone
John Espinoza	Board Member	Whiteside County	Y
Rev. James T. Meeks	Chairman	Illinois State Board of Education	N
Dr. Darlene Ruscitti	Regional Superintendent	DuPage Schools	N
Steffanie Seegmiller	Chairman	Arthur School Board	Y
M. Hill Hammock	Senior Fellow	Metropolitan Planning Council	N
Char Foss-Eggemann	Trustee	Park Ridge Library Board	Y
Warren L. Dixon III	Township Assessor	Naperville	Y
George Obernagle	Chairman	Kaskaskia Regional Port District	Phone
	Non-Voting Member		
Clayton Frick		Deloitte Services LP	N

The Local Government Consolidation and Unfunded Mandates Task Force met for the second time on April 2nd, 2015 with Lieutenant Governor and Chair Evelyn Sanguinetti presiding.

MEETING LOCATION

Building: Government Center
McLean County Board Room
Street: 115 E. Washington St
City: Bloomington, IL
3:00PM

MEETING START

Meeting Schedule Start: 3:00PM
Meeting Actual Start: 3:11PM

AGENDA

I. Call to order and Roll Call

- a. Lt. Governor Evelyn Sanguinetti called the meeting to order at 3:11PM CT and welcomed members
- b. Roll Call was taken

II. Approval of minutes

- a. Minutes from the last meeting were opened for corrections. Lieutenant Governor Sanguinetti proposed correction to the minutes to reflect the approval by Ayes of both three minute public comment and meeting adjournment from the first meeting. It was noted by Karen Hasara that Steffanie Seegmiller's name was incorrectly spelled in the Roll List. The minutes were then motioned for approval. Brad Cole moved and Ryan Spain seconded. The minutes were approved by majority Ayes with no Nays recorded.

III. Discussion of recent article

- a. Lieutenant Governor brought attention to a recent article from Moody's credit rating regarding the Task Force. The article talks about the potential of the Task Force to realize better government efficiencies and reduce cost on taxpayers. There was no further discussion of the article.

IV. Presentations

- a. Brad Cole, Executive Director, Illinois Municipal League- Overview and Discussion on IML Report, "Report to the Local Government Consolidation and Unfunded Mandates Task Force" and "2015 Proposed State Mandates"
 - Brad Cole was given the floor by Lt. Governor Sanguinetti
 - Cole's reports look at both unfunded mandates placed on municipalities since the year 1992, and unfunded mandates being proposed in the current legislative session.
 - There are 8 different types of mandates that have significant financial implications against municipalities:

- Public Pension Mandates
- Property Tax Caps
- Collective Bargaining and Interest Arbitration
- Prevailing Wage
- Public Safety Employee Benefits Act
- Public Employee Disability Act
- Freedom of Information Act
- Health Insurance Continuation Law
- Freedom of Information Act (FOIA) is good, but costly, and can financially burden the taxpayers it is trying to benefit. Cole then discussed some examples of the implications on municipalities.
 - Schaumburg Police Department receives over 1500 FOIA requests per year. This requires 1.5 employees per year to solely handle requests, and the cost of the salaries alone for this is over \$100,000 per year.
 - In 2014, Prairie Grove reported \$28,960 in FOIA-related expenses and over \$56,000 in attorney's fees spent on a frivolous lawsuit
 - Champaign estimates 156 FOIA requests last year with a staff time costing \$8,840 to handle requests.
- Collective Bargaining and Interest Arbitration
 - In 2010, East Saint Louis ordered to accommodate police salary increases despite city financial deficit
 - The arbitrator forced a 3 year wage increase, though admitting the wage increase was "Higher than what may be appropriate in these economic times and the city's fiscal condition"
 - Also in 2010, Rockford was ordered by the fire department union to accommodate a 6% wage increase, and awarded by the arbitrator despite a budget deficit in Rockford
 - Village of Oak Lawn is under a minimum manning requirement for the fire department. In 2014, Oak Lawn had to pay over 2 million dollars for overtime costs.
 - This alone is more than double the cost of combined overtime pay for all employees in other departments
 - In 2014, the last governor expanded the minimum manning and interest arbitration requirements to every municipality with a unionized fire department
- Prevailing Wage
 - In 2012, Elgin sought estimates for an environmental conservation project for with, and without, prevailing wage.
 - The estimate with prevailing wage was \$510,000, or 127% more expensive than the estimate without.

- In Sangamon County, similar disparity seen with water main insulation projects
- Public Pension Mandates
 - From 2004-2012, Carbondale saw the amount taxpayers contribute increase from \$300,000 to \$900,000, though employee contributions did not rise as a percentage of salary
- Public Safety Employee Benefits Act (PSEBA)
 - Well-intentioned law designed to fund health insurance premiums of public safety personnel injured or killed in the line of duty
 - Unfortunately, otherwise healthy police and firefighters are collecting lifetime health insurance benefits fully funded by taxpayers and extended to spouses and children
 - Absence of definition of catastrophic injury in the law
 - PSEBA referred to as the next municipal pension crisis
 - A 2014 Commission of Governmental Forecasting and Accountability study found that one-third of catastrophically injured PSEBA beneficiaries are currently employed at another job or have health insurance from another source.
- Hoffman Estates overview
 - Population over 51,000
 - In 2014, the combined cost of all unfunded mandates and mandatory expenses in the eight above mentioned categories reached \$11,332,307.
- Time is allotted for questions:
 - Lieutenant Governor Sanguinetti: “You mentioned the state keeps imposing mandates with no financial support to municipalities, are there any House bills right now that do provide such relief?
 - *Brad Cole answered by saying there are some that provide additional cost. There are bills that attempt to resolve issues, but outnumbered by bills that cause more issues. We need a freeze on unfunded mandates right now. DCEO required to produce report on unfunded mandates each year but do not have the resources to create report.*
 - Daniel Maher: “What percentage of arbitration awards go against local units of government and to the public safety unions?”
 - *Brad Cole said he does not have an actual percentage quantified but it is very high and arbitrator’s decision usually goes with the labor request. Even when a settlement has been reached between management and labor, a third party like the General Assembly will*

come in a make decisions around the agreement with no financial assistance.

- Karen Hasara: “Is there a law requiring a financial statement or fiscal note with any unfunded mandates from the General Assembly?”
 - *There is a State Mandates Act, though the longest part of it is the exemptions. Karen Hasara then suggested we mandate a fiscal note for any legislation passed.*
 - *Brian Costin added that they are working with the DCEO to ensure a better report on unfunded mandates*
- Lientenant Governor: “Have you worked with the DCEO to quantify cost of unfunded mandates?”
 - *We have reached out to them but they do not have all the information. More can be done in that area.*
- Char Foss-Eggeman: “Though FOIA is expensive, what would be put in its place so the taxpayers are still empowered with access and information?”
 - *FOIA is a good thing, I don't think it's inconvenient for public officials to respond to FOIA requests. It's recognition of the costs that go along with it. There is not a reimbursement to the municipality for the first 50 pages of a requested document. There are abuses and nuisance requesters who request document, fifty pages at a time, day-by-day, that are available online. The cost beyond the access is the problem. There is no effort to restrict access to information by the municipalities.*

b. Aaron Lawler, Lake County Chairman-Overview and discussion of the Lake County report, “Memo to the Illinois Local Government Consolidation and Unfunded Mandates Task Force”

- Publication and Information Retention Mandates
 - There is opportunity to save over \$300,000 per year in Lake County if these requirements were lifted
 - Another cost-saving opportunity is through assessment notices. Required to publish assessments in the paper even though it is also mailed to property owner.
 - Microfiche retention costs the county \$185,000 per year
 - Need a more efficient approach to storing documents. Lake County is required to keep documents for seven years even though they are already digitized.

- Regional 911 Dispatch

- In Lake County, 17 ETSB's and 24 PSAP's spend approximately \$33 million dollars per year on operations
- Could save \$10 million a year by consolidating, but also important to retain quality of services
- Elections
 - Latest state election mandate cost Lake County \$1 million dollars, though no associated increase in voter turnout.
- Prevailing wage
 - Drives up cost for taxpayers and small local businesses
- Labor Relations
 - Ability to raise taxes or cut from services should not be factored into the ability to pay for a labor contract negotiation
- Workman's Compensation
 - Need to make sure Illinois is in line with other economically competitive states.
 - Need to reevaluate because there are many issues, such as workers being injured outside of the job and still receiving workman's claims.
- Juror pay mandate is costing Lake County \$400,000 annually
 - Senate Bill 59 would help alleviate this cost
- Inmate welfare fund
 - Using the inmate welfare fund towards the cost of medical care would help alleviate the cost of inmate care and reduce the use of tax dollars.
- Probation Services
 - Costs about \$46,000 to keep someone in Lake County jail for one year, and costs much less to put them on probation when they are a non-violent offender
- BID/RFP Limits
 - Set a number of years ago, and the limits have been staggered.
 - Established so long ago that it doesn't represent the net present dollar value as when they were put in place.
 - Keeping bid limits in line with net present value would help alleviate administrative burden.
 - \$2.1 million in immediate cost savings
- Time is allotted for questions:
 - Lt. Governor Sanguinetti: "Do you still get requests of microfilm/microfiche?"
 - *Aaron Lawler responded not to his knowledge.*
 - Representative Demmer: "I'm interested in your last item, the bid/RFP limits. One proposed solution would be to raise the floors to say fewer projects are subject to these requirements. Do you

find value in that process today, if not is there an alternative process to consider?

- It is an administrative burden, being a larger county we have the bandwidth to handle to handle the process so we are looking at commodities to raise the bid limit from \$30,000 to \$50,000 and professional services from \$50,000 to \$100,000 and IT services from \$35,000 to \$100,000.
 - Representative Demmer: “That will subject fewer projects to the bid requirement, but does that bid requirement provide any value today?”
 - *On the RFP it does because negotiating the project and seeing the cost drivers allow modifications. On some RFPs the bids come in high and we did them on the RFP side to have those negotiations in what’s driving up the cost and then modify it, so there I would say there is good value.*
 - John Espinoza: “Is there a process to make microfiche digital and what is the associated cost? Regarding 911, you said you’ve been trying to consolidate, has that been successful?”
 - *I’d imagine there would be a cost, we are looking to move our court system in that direction already with e-filing on court records. We completed the study and now are working with dispatches and doing due process to phase it in over time.*
- c. Roger Eddy, Executive Director, Illinois Association of School Boards- Overview and discussion of IASB report, “Mandates Enacted Since 1992”
- Early on, mandates included option for schools to determine if it was economically feasible to implement mandates, this was taken out in later mandates.
 - PA 91-0518: \$65,000 per school district for enhanced 911 system
 - Fiscal year cost of mandate 92 0505 on schools was about \$40 million dollars. This mandate required school districts to contribute to Teacher Retirement Systems
 - There is talk of cost-shifting teacher pensions to local school districts for future pension costs. That mandate, with type of prorations school districts are facing, would be crippling.
 - 119 mandates since '03-'04 for local school districts
 - 99th General Assembly have already added 25 additional mandates that there are concerns over

- SB100 requires changes to student discipline policy, will take away school's ability to discipline student and add several layers of administrative guideline
- There is mandate to make staff learn to treat opioid overdoses, but no funding provided for support to schools.
- HB2717 requires schools to maintain a website and post long lists of detailed information; many required documents are also posted in the newspaper so this entails a duplication of efforts.
- HB3165 involved CPR certification requirements, which does aid student safety, but the cost of implementation of the mandate was huge.
- Once something is mandated, the price for the service or cost for purchase goes up compared to pre-mandate cost.
- HB3337 mandates all districts to offer full-day kindergarten; total daily attendance count would increase significantly with little financial support.
- The cumulative effect of mandates is the concern.
- Instructional Mandates Task Force produced recommendations for the General Assembly
 - Recommendation focus area: Drivers Education with goal of increasing funding for schools to offer complete Drivers Education program.
 - Increase flexibility for schools to offer behind-the-wheel training
 - Increase flexibility for schools to shift from 12 month driver education program to 18 month
 - Encourage school boards to work with CMS to supply Drivers Education cars on a lease basis
 - Focus area: Physical Education
 - Allow for comparable physical activity outside of the school, with parent verification. This mandate always faces opposition.
 - Other programs like art or music often are cut to compensate for Physical Education demands
 - Recommendation on the imposition of future mandates
 - For instructional mandates in Illinois to focus on how to best implement the Illinois Learner Standards
 - Recommended that the GA no longer enact individual instructional mandates at all
 - For the Instructional Mandates Task Force to reconvene every three years
 - Conclusion was that they reiterated the opposition to unfunded instructional mandates of the legislative and rule-making process.

Schools are spending money on mandates as opposed to their core educational function.

- Time for questions is allotted:
 - Lieutenant Evelyn Sanguinetti: “In your efforts, what mandate solution was met with the most resistance?”
 - *Mandates relating to drivers ed and physical education is met with great resistance. Another frequently resisted area is special education.*
 - Senator Righter, “One of the mandates you mentioned had the GA requiring teachers to pick up a percentage of their pension cost, and you mentioned how much that cost the districts. To clarify this two-step process, in order for the districts to be mandated to pay that, the school boards would have to agree to a contract to pick that cost up for their teachers, would they not?”
 - *There are various ways in it negotiated depending on the school district. The part in which there is no choice is the part decided at the General Assembly level.*
 - Senator Righter: “What are the most prominent reasons these mandates pass in the General Assembly?”
 - Especially if it deals with a student safety issue, it is difficult for political reasons to vote against that. If you are against unfunded mandates, often a mailer will go out saying you are against student safety. There is a tremendous amount of pressure to not be demonized politically in response to voting against mandates.
 - Senator Righter, “What would lifting the prevailing wage requirement on school construction mean to schools?”
 - *The total savings to schools over the last 10 years would have been around \$1.2 billion dollars if left to private contracts*
 - Representative Demmer, “Would the same political pressures sway school boards if they were the bodies voting on these mandates?”
 - *In most cases they would probably find a way to pass it if it were good for their children; however they could be creative with other mandates in areas like physical education that would allow them to decide what was best for their children locally with their resources.*
 - Lieutenant Governor Sanguinetti, “Is there an appetite for sun-setting various unfunded mandates by virtue of a board to give us more flexibility?”
 - *There is an appetite in the school management community, but not in the union community.*

V. New Business

- a. Action Item: Matthew Sebeck and Benno Weisberg of CMS as FOIA, OMA and ETHICS OFFICERS
 - Lt. Governor Sanguinetti moved to have Matthew Sebeck as the FOIA and OMA officer, and Benno Weisberg as the Ethics officer. Motion moved by John Espinoza and seconded by Karen Darch. The motion was approved by majority Ayes and no Nays were recorded.
- b. Discussion of proposed unfunded mandate bills currently before legislature
 - HB 1330: Physical Education Mandate Relief (Roger Eddy)
 - Lieutenant Governor: "How does Physical Education Mandate compare with other states?"
 - *This is the strongest Physical Education mandate. We should be able to make decisions locally, but we are not able to.*
 - Steffanie Seegmiller: "Who besides unions would be against schools decisions locally?"
 - *It is mostly opposition from the two teachers unions*
 - HB 2595: Drivers Education Mandate Relief (Roger Eddy)
 - Lieutenant Governor: "How does this compare to what people pay out in the private sector?"
 - *That will vary by community, but the costs would be much less and competitive. We don't want to lose safety or instruction but the cost would be much less than doing it at the school district level.*
 - Bigger: "If a student cannot get into drivers ed this semester and has to wait until next semester, is a parent able to get them access quicker?"
 - *If they meet the age requirement, but we want all student to have equal access in case they cannot afford a third party*
 - SB1198: Third Party Contracting Mandate Relief (Roger Eddy)
 - Lt. Governor: "Could the savings from this bill be redirected back into the classroom?"
 - *You can't use transportation levy for the classroom but anything above the tax levy you could redirect back to the classroom or could go towards smaller class sizes and not laying off teachers.*
 - Steffanie Seegmiller: "How are these three bills progressing in the classroom?"
 - *Deanna Sullivan, IASB: These bills are all wrapped up in either the subcommittee process or have been returned to Rules. There is upcoming subject matter testimony on HB3535.*

- HB3535: Local Discharging of School Mandates (Roger Eddy)
 - *No questions*
- SB 817: Firefighter Pension enhancement (Brad Cole)
 - Jim Clark, Governor's Director of Intergovernmental Affairs: "Is there an estimate for the fiscal impact?"
 - *It is difficult to quantify because it opens the door for more disability benefit, and every new firefighter is living longer than the last, so there is an extension on benefits and it is difficult to put a price tag on it. We know if a benefit was obtained because a disability occurred, it would be a 15% increase on that benefit.*

PUBLIC COMMENT

There were no individuals that signed up or came forward during the public comment period.

MEETING END

Lieutenant Governor Sanguinetti then motioned to adjourn at 5:10PM CT. Representative Demmer moved the motion and Ryan Spain seconded the motion. The motion was approved by majority Ayes with no Nays recorded.

NEXT MEETING

Wednesday, April 8th, 2015 1-4pm
County of DuPage Board Room
421 N. County Farm, Wheaton, IL 60187