

# Township Conditions and Status



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## Executive Summary

Township governments play an important role in public service delivery in Illinois. They are an important part of the property tax system, a last resort source of assistance for welfare recipients, and a vital cog in maintaining rural highway networks. Some townships maintain cemeteries and provide services for youth and senior citizens and assorted other services in public health, public safety, and public works. The flexibility of townships to meet public needs is cited as a major strength of township governments. Flexibility is needed to meet the demands for added accountability and performance by citizens.

The Illinois Institute for Rural Affairs (IIRA) at Western Illinois University, in conjunction with the Township Officials of Illinois (TOI), periodically surveys townships to examine their financial conditions, management practices, and a variety of other concerns. The latest survey, conducted in 2002, attracted 588 responses from 1,434 townships, a response rate of 41 percent. Results from the survey are compared to similar questions asked in a previous survey conducted in 1995 to allow trend analysis.

The report is based on survey results and analysis and examines several key areas, including the following:

- Financial management
- Township services
- Management practices
- Key township issues

### Financial Management

The financial position for many townships was positive in the early 2000s. Most townships (71.2%) reported stable revenues in FY02, and slightly more (75.4%) projected stable revenues for FY03. Some townships were able to reduce taxes or add programs and services, and few (7.6%) reported inadequate revenues.

Stable revenues produced solid budgetary conditions for most townships with most reporting either increased budgets (46.4%) or similar expenditure levels as the previous year (47.5%). Budget conditions were forecast to be slightly less positive for most townships in FY03. This could result from the effects of the 2001 recession working their way through the property tax system and affecting assessed valuations, but overall, financial conditions for townships were much improved from 1995 when more experienced financial stress.

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Townships rely heavily on property taxes as a funding source but face limitations on the amount they can be increased. Property taxes comprised 76 percent of total township revenues in 2002; the latest year data are available from the State Comptroller's Office. There are statutory limitations on the amounts property taxes can be raised as well as property tax caps in place in 34 counties.

Nearly one-half (47.8%) of townships are at their maximum rate for at least one town and/or road district fund, and most of these are rural townships. The fund at the maximum most often is the road and bridge fund (37.9%). Some townships at their maximum rates of funds will be forced to seek property tax increases: financial conditions deteriorate or they face additional demands for services. Few townships (4.9%) seek property tax increases through referenda; although, more than one-half of those that did reported success.

The issue of fund balances generated controversy several years ago for township officials (Associated Press, *Peoria Journal Star*, 2000, 2001; *Illinois Townships: Bargain or Boondoggle?* Available online at [www.pjstar.com/services/special/township/digest.html](http://www.pjstar.com/services/special/township/digest.html)). Survey results show that most townships that maintain fund balances do so for sound reasons—60.5 percent say they keep a fund balance as a “rainy day fund” similar to one established for state government by Illinois Comptroller Dan Hynes; 55.2 percent use the fund balance as protection against an unanticipated expense, such as a large medical claim; and 52.8 percent build a balance to fund a future capital project.

The survey also delved into financial policy options and found that many townships resist property tax increases. A majority of townships (58.5%) believe that property tax rates should be held constant or reduced, and about one-third indicated a willingness to raise rates if needed for additional services (22.0%) or for maintaining existing services (12.7%).

Instead of seeking property tax increases through referenda, township officials prefer other ways of generating new revenues. Many officials (43.8%) prefer increases in property tax limits for specific funds, such as road and bridge, and 26.2 percent want an increase in limits for the corporate fund. Another 40.8 percent want property tax caps removed, and 20.9 percent prefer increases in fees for services. Interestingly, three of the four methods expressed require legislative action. Thus, fee increases are the only viable short-term solution for townships seeking additional revenues.

On the expenditure side of the ledger, officials take a pragmatic approach to dealing with financial stress. Officials prefer measures with the least impact on residents first, such as postponing capital projects (51.2%) and reducing nonessential expenditures (37.9%). One-fourth of responding townships (26.4%) adopt innovative management techniques, such as intergovernmental agreements, outsourcing, and group purchasing, to save tax dollars while providing a similar scope of services. Finally, as a last resort, townships make the difficult decisions to seek property tax increases (13.9%), eliminate programs or services (11.6%), lay off employees (6.2%), and/or increase user fees (3.4%).

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## Township Services

Townships are required to provide three services—(1) General Assistance (GA), (2) highway maintenance, and (3) property assessment—and have the ability to offer a wide variety of other services. The range of services varies by location and size with metro and large townships providing a greater variety of services than rural and small townships. Townships in remote areas are likely to just maintain highways, assess property (usually through a multi-township assessing district), and administer a small number of GA cases. In suburban areas, townships often provide a variety of social services in addition to basic services.

The survey results demonstrate the scope of services offered by townships. Statewide, townships provide an average of 5.8 services. Large townships (2,000 or more in population) provide an average of 6.8 services compared with 5.5 services in medium-sized townships (750-1,999 in population), and 5 services in small townships (those with less than 750 in population). Metro townships provide an average of 6.6 services versus 5.6 services provided in nonmetro adjacent townships, and 5 services provided in nonmetro remote townships.

Townships can adjust the mix of services offered due to shifting financial conditions or changes in demand. For example, an influx of elderly residents could stimulate demands for senior citizen programs. One-third (32.3%) of responding townships said they added services during the three years prior to the survey (2000-2002), and 8.9 percent reduced services. Few townships (7.6%), however, said they would increase services in the three years following the survey (2003-2005), and 4.7 percent said they would reduce services. The decline in the number of townships adding services could be a result of the anticipated effects of the 2001 recession working their way through the property tax system. Most of the increase in services is found in large and metro townships with greater populations and more demands for services.

No service other than the three mandated services is provided by a majority of townships. Cemetery maintenance is provided by 45.4 percent of townships, and community buildings are provided by 23.7 percent of townships. All other services listed are provided by less than 15% of respondents with some barely registering any responses.

## Management Practices

Nearly three-fourths (73.1%) of respondents are part-time officials, and 25.2 percent are full-time. Yet even part-time officials must be able to effectively manage the affairs of the township. In addition, most townships have few employees to assist in service delivery. Nearly half (49.4%) of the responding townships have only one full-time employee, and one-third (33.1%) have two to five full-time staff members. Most townships of fewer than 750 residents (85.1%) have just one full-time employee. Staff levels in townships have remained roughly the same since 1995—the average number of employees statewide is 4.5 compared with 4.6 nine years ago. The average number of part-time staff (3.8 employees) is the same as 1995.

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Because so many township officials are part-time, they need effective training to stay current with changing rules and regulations and to benefit from expert instruction in topics such as budgeting and financial management. Most officials (58.2%) attended at least one training session in the previous year, an increase from 50.3% in 1995. Rural officials are less likely to attend training, possibly because of the distance required to attend a training conference or because of time constraints caused by their occupations. TOI training sessions are attended most often, and most officials rate the training as either very effective (43.5%) or somewhat effective (49.8%).

Computer use among township officials nearly doubled between 1995 and 2002, increasing from 28.6 percent to 54.3 percent. Township officials use computers most often for accounting (88.9%), word processing (70.9%), and budgeting (65.3%). Computers enable officials to complete work faster and more efficiently and allow them to quickly access information. More than one-third (36.7%) of townships have access to the Internet and use it mainly for gathering information (77.2%); interacting with state agencies, other townships, and residents (64.2%); and providing links to other governments (47.9%). Few townships (7.6%) have websites. Metro and large townships are more likely to use computers and have Internet access than small and rural townships.

The number of townships participating in group purchasing pools also nearly doubled since the previous survey, increasing from 21.7 percent in 1995 to 38.4 percent in 2002. Purchasing in bulk can save money by lowering the unit price for goods. Most townships (56.0%) purchase items in conjunction with the Illinois Department of Central Management Services, which offers a program for local governments to jointly purchase vehicles, computers, office equipment, and other goods.

Another 55.1 percent of townships purchase items jointly with county governments, and 22.7 percent do so with other townships. Items purchased most often by townships in group purchasing agreements are highway maintenance materials (61.5%), vehicles (48.2%), and highway maintenance equipment (36.7%). The benefits from these agreements are demonstrated by their impact on township finances—nearly all officials that use group purchasing (92.3%) as a management tool reported lower cost of goods.

Officials can provide services in-house with township employees or implement alternate arrangements that can save money, be more practical, or deliver services more efficiently. One option that has more than tripled in use between 1995 and 2002 (increasing from 11.0% to 35.4% of townships) is intergovernmental agreements. Such agreements can range from service sharing through which townships share vehicles, equipment, and/or staff to avoid duplication and save funds, or a contract for service through which one township contracts with another to provide a specific service. Services contracted most often include property assessment and highway maintenance. Townships contract most often with other townships (120 agreements), municipalities (73), and counties (61). Intergovernmental agreements are judged to be effective by township officials—62.1 percent reported improved efficiency; 55.1 percent reported lower



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costs; and 51.0 percent reported improved quality of services. One-fourth of responding officials reported that successful agreements led to opportunities for more agreements.

Townships can also contract with private and/or nonprofit entities for service delivery to access technical expertise and save tax dollars. Fewer townships use either method compared with intergovernmental agreements, with 18.9 percent contracting with private firms and 12.4 percent contracting with nonprofit entities. Services privatized most often include public works services, such as bridge maintenance, recycling, and refuse collection. Townships contract with nonprofits most often for social services, such as senior citizen programs, youth services, and food bank management.

Townships can also directly fund programs and services through financial contributions to social service agencies rather than hiring employees to provide them in-house. Roughly four in 10 townships (40.1%) provide funding to social services agencies. Among the programs and services typically funded are senior citizen transportation and meals programs.

## **Key Township Issues**

Despite stable finances in most townships, there are a variety of issues that could impact townships in the future. The survey included several questions on issues of concern to township officials. When given a list of issues, most officials cited daily concerns involving road and bridge maintenance (65.0% for roads and 61.9% for bridges) and finances (39.3% said property tax base declines, 33.0% said property tax caps, and 23.9% said the need for additional revenues) as most important.

In response to an open-ended question asking the most important issue facing townships, most responses (37.5%) related to financial and budgetary concerns. Another 31.2 percent said ensuring the survival of township government in the future is most important. These two categories of responses were provided most often—no other category achieved double-digit levels of concern.

The survey also examined several emerging issues. Officials were asked if GA caseloads had increased due to expiration of benefits under welfare reform legislation and the impact of the 2001 recession. Approximately one-third (34.4%) of townships experienced higher caseloads, and most of these townships were in metro areas or had large populations. Most townships reporting higher caseloads said that the increase was less than 10 percent; although, 27.0 percent said that caseloads increased more than 10 percent, creating additional financial stress. Only 12.8 percent of townships reported increased demand for food pantries or commodity distribution, probably because few townships offer these services. A follow-up survey could find out whether further strains were placed on township finances due to higher GA caseloads from the termination of welfare benefits for recipients who exhausted their time limits. The economic recovery could help mitigate those effects though.

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The survey results captured some important issues that involve the relationship between townships and state government. Township officials are concerned about unfunded mandates by which state government imposes requirements or rules on townships that increase costs but doesn't provide any accompanying funding. Officials are especially concerned about the financial implications of a mandate forcing townships to cover medical costs of GA recipients. In fact, some township officials suggest the state take over responsibility for the program.

Perhaps most frustrating for officials is that the state enacts unfunded mandates but also limits townships' ability to increase revenues. Several state statutes and regulations were also criticized by township officials for limiting their flexibility. The suggestions made by township officials include the following:

- Give township officials greater flexibility to transfer funds.
- Increase existing limits on property tax rates.
- Eliminate tax caps.
- Make more grant funding available.

Officials were also questioned about difficulties in recruiting qualified candidates for township assessor positions. Nearly half of the responding townships (46.4%) reported this problem, and the responses do not vary much by size or location. Most officials (81.2%) say there are no qualified candidates that reside in their township. Other factors cited include low pay (36.2%), paperwork demands (21.2%), and liability concerns (15.0%).

Some townships are addressing the issue by either offering incentives for qualified candidates to run for office (paying for mandatory schooling or increasing the assessor's salary) or by contracting with nearby townships, the county supervisor of assessments, or private firms to provide the service.

GASB 34 is a requirement issued by the Governmental Accounting Standards Board mandating that townships provide an estimated value for all township assets. More than one-half (55.9%) of township officials reported they were not aware of GASB 34 in 2002. Awareness does not necessarily mean compliance. Of the officials aware of GASB, 34 (28.0%) have a compliance plan in place, 26.6 percent had one in progress, and 45.4 percent did not have a plan in place. A future survey will determine whether all townships achieved compliance by the deadline.

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## The State of Townships: 2004

The demand for government accountability from Washington, DC, to Springfield to town halls across Illinois has perhaps never been greater. Recession in the early 2000s forced many governments to reduce services, raise taxes, or both. Some services and programs that the state and federal governments could not afford to finance were passed off to local governments through unfunded mandates. Citizen resistance to tax increases was demonstrated in Illinois through property tax caps and continued disapproval of many tax referenda. With revenues limited and demands for services continuing unabated, government officials are faced with the need to operate more efficiently.

For township officials, these conditions are nothing new. Township governments in 85 Illinois counties, by their very structure, face limitations that force officials to properly manage taxpayer dollars. For example, townships rely mostly on property taxes to fund services, unlike cities and counties, which have income and sales taxes available. Townships are also required to provide General Assistance (GA), highway maintenance, and property assessment. With limited revenue sources and mandated services, township officials face a constant challenge to provide services efficiently.

To gauge the condition of township government in the early 2000s, Township Officials of Illinois (TOI) and the Illinois Institute for Rural Affairs (IIRA) at Western Illinois University conducted a survey of township officials in 2002. This report is based on survey findings and explores several areas of importance to townships:

- Financial management
- Township services
- Management practices
- Key township issues

Included throughout this report are examples of township officials who use innovative strategies and policies to efficiently administer programs and services. The intent is to share these ideas with other officials who may choose to adapt them to their townships. In addition, results are compared with findings from a survey of township officials in 1995.

The survey was mailed to all 1,434 townships in Illinois, and 588 returned their questionnaires, a response rate of 41.0 percent. Results are presented by size, with large townships categorized as having 2,000 and more residents (203 responses); medium-sized having from 750-1,999 residents (180 responses); and small townships having fewer than 750 residents (195 responses). These categories were determined by apportioning the respondents so that each designation had roughly the same number of townships. Townships were also classified as metro (219 responses),

nonmetro adjacent (210 responses), and nonmetro remote (149 responses). The categories and comparison with all townships statewide are listed in **Table 1**.

Since financial issues are a constant concern for all public officials, this report begins with an examination of current financial conditions of townships and policy options used by officials in dealing with fiscal issues.

**Table 1. Comparison of Survey Sample**

Area	Sample		State of Illinois	
	Percent	Number	Percent	Number
Total	100.0	588*	100.0	1,431
Under 750 Population	33.7	195	39.6	566
750 to 1,999 Population	31.1	180	28.5	408
2,000 and Above Population	35.1	203	31.9	457
Metro	37.9	219	34.7	496
Nonmetro	62.1	359	65.3	935
Adjacent	36.3	210	37.9	542
Remote	25.8	149	27.5	393

\*Ten respondents did not include identifying information on the returned survey.

Source: U.S. Census Bureau. 2002. *2002 Census of Governments, 1(1), Government Organization, GC02(1)-1*. Washington, DC: U.S. Government Printing Office; 2002 TOI/IIRA Township Survey.

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## Trends and Issues in Township Financial Management Practices

Proper stewardship of tax dollars is one of the most important responsibilities of all township officials. With limited sources of revenue, citizen opposition to tax increases, and continued demands for services, township officials must ensure that resources are spent wisely and efficiently. In addition, statutory guidelines govern how tax dollars are spent.

Governments at all levels are facing renewed challenges to manage public finances more effectively. Declining or stagnant economic conditions can reduce tax revenues while increasing demands for certain services. The economic downturn of the early 2000s is forcing public officials to consider painful remedies, such as tax increases and service reductions.

Townships face special challenges in response to poor economic conditions. Demand for township services, such as GA and food pantries, typically increases in conjunction with rising unemployment. A prolonged economic slump can result in population loss, business closures, and declining property values that reduce township revenues.

Even townships in areas experiencing population growth, such as the collar counties surrounding Cook County and the Chicago suburbs, face a variety of financial challenges. An influx of citizens can create heightened demands for quality services and can also produce pressures for additional services. In addition, property tax caps in 34 counties can limit the natural revenue growth that would result from higher property values.

### Current Financial Conditions

Most townships weathered the economic downturn of 2001 with little impact on their financial conditions (**Table 2**). A large number of townships (71.2%) reported stable revenues during FY 2002, and there was no change in taxes or services. More than one in five townships (21.3%) have sufficient revenues, and roughly equal numbers used the financial cushion to reduce taxes (11.1%) or expand programs and/or services (10.2%). Townships with large populations and those in remote areas are most likely to report reducing taxes (16.2% and 14.5% respectively). The remaining townships are struggling financially and report inadequate revenues. Five percent of the responding townships are raising taxes, and 2.6 percent are cutting services and programs. Thus, the ratio of townships that reduced taxes to those that raised taxes in 2002 was roughly 2-1.

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**Table 2. Financial Conditions**

Question	Percent	Number
What is the current (FY2002) financial condition of your township?		
Adequate revenue and able to reduce taxes	11.1	64
Adequate revenue and able to expand services/programs	10.2	59
Stable revenues with no impact on taxes or services	71.2	412
Inadequate revenue and cutting services/programs	2.6	15
Inadequate revenue and raising taxes/fees	5.0	29
Indicate the amount your budget has changed from last year (FY2001) to this year (FY2002).		
Increase more than 3 percent	18.2	106
Increase between 1-3 percent	28.2	164
Stayed roughly the same	47.5	276
Decreased between 1-3 percent	3.4	20
Decreased more than 3 percent	2.6	15
What is the expected financial condition of your township next year (FY2003)?		
Adequate revenue and able to reduce taxes	8.6	50
Adequate revenue and able to expand services/programs	7.9	46
Stable revenues with no impact on taxes or services	75.4	439
Inadequate revenue and cutting services/programs	2.9	17
Inadequate revenue and raising taxes/fees	5.2	30
If current financial trends continue, what is the expected increase/decrease from this year's budget (FY2002) to next year's (FY2003)?		
Increase more than 3 percent	11.3	65
Increase between 1-3 percent	25.3	146
Stayed roughly the same	54.9	316
Decrease between 1-3 percent	6.3	36
Inadequate revenue and raising taxes/fees	2.3	13

Source: 2002 TOI/IIRA Township Survey; n=588.

Adequate revenues led to stable or improving budgetary conditions in most townships (**Table 2**). Nearly half of the reporting townships (47.5%) said that their FY02 budgets remained roughly the same as in the preceding year. A similar number of townships (46.4%) reported that budgets increased over the previous year, with 28.2 percent estimating a 1-3 percent increase that maintains current spending with the rate of inflation and 18.2 percent saying that budgets increased more than 3 percent.

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Townships that enjoyed larger budget increases were more likely to have greater populations (28.0%) and be located in metro areas (30.1%). These townships may have increased tax levies up to 5 percent, the threshold at which the Truth in Taxation Act mandates a public hearing. Only 6 percent of townships report declining budgets with 2.6 percent reporting a decrease of more than 3 percent.

The stability of township finances during 2002 could be related to dependence on property taxes as a revenue source. In FY02, the Comptroller's Office reported that property taxes comprised more than three-fourths (76%) of township revenues. Because of the property tax cycle, economic downturns can take several years to produce fewer property tax revenues. Sales and income taxes can be more sensitive in the short term to economic cycles. Also, property tax caps and statutory restrictions can limit increases in tax revenues. Finally, citizen opposition to tax increases can pressure public officials to hold the line on property tax rates.

## Future Financial Conditions

While township financial conditions were stable in FY02, most responding officials also had a positive view of their fiscal status in FY03 (**Table 2**). In FY03, approximately three-fourths of townships (75.4%) estimated stable revenues. Slightly fewer townships were able to reduce taxes (8.6%) or expand services and programs (7.9%) compared with FY02. The number of townships reporting inadequate revenues leading to tax or fee increases or program and service cuts in FY03 was similar to FY02.

Fewer townships, however, reported larger budget increases in FY03 (**Table 2**). For example, 11.3 percent of townships reported budget increases of greater than 3 percent in FY03 compared with 18.2 percent in FY02. The number of townships with budget increases roughly in line with inflation in FY03 was nearly the same as the previous fiscal year. More townships also said that their budgets were stable compared with the previous year (54.9% in FY03 versus 47.5% in FY02). The number of townships reporting budget decreases of between 1-3 percent nearly doubled over the previous year but still represents only 6.3 percent of all townships.

The slightly less positive financial circumstances for FY03 can probably be traced to economic decline experienced during the recession of 2001. It could also be related to the delayed effect of the 2001 recession on property taxes. Officials may have forecast reduced revenues and expenditures because the impact of the recession would affect property tax collections in later years.

## Property Taxes

Townships rely heavily on property taxes as a source of revenue. While the unfairness and negative aspects of property taxes are discussed often, they have some positive features that are overlooked. For example, property taxes are more subject to local control than sales or income

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taxes unless a local government enacts home rule authority, an option not available to townships. Some counties have tax caps that limit the increase in property taxes, and there are statutory limits on how high property taxes can increase without seeking a referendum. For the most part, however, townships can raise or lower property taxes without approval or restriction by the state.

Reliance on state government for revenue sources can bring uncertainty—for example, the state in 2003 reduced the local government allocation of photo processing taxes to local governments. In addition, some state officials discussed reducing the local share of state income taxes, and that idea may be raised again as the state deals with financial difficulties.

### *Maximum Rates*

There are statutory rate limits for most of the 37 property tax funds that townships can levy. Townships' reliance on property taxes as a major funding source limits officials' flexibility to adequately fund programs and services. Township officials must seek a referendum for property tax rate increases over the statutory limit; this can be extremely difficult. Gauging the number of townships at their rate limits can give an indication of possible current or future financial stress.

Nearly half (47.8%) of the responding townships are at their maximum tax rate for at least one town and/or road district fund while 42.4 percent are not at any limits (**Table 3**). Fewer townships in metro areas and those with large populations report being at their maximum rates than smaller and nonmetro townships probably because of population growth that broadens the tax base and allows stable, or even lower, tax rates.

The fund cited most often as being at the maximum rate is the road and bridge fund, reported by 37.9 percent of all respondents. This finding was consistent for all sizes and locations of townships. Nearly one-fourth (23.9%) of townships are at the maximum tax rate for the general town fund, and 19.8 percent are at the maximum tax rate for the joint bridge fund.

Only 12.8 percent of townships are at maximum rates for the GA fund. The current economic downturn could result in more needy persons seeking GA and more pressure on townships to increase property tax rates for this fund.

### *Referenda*

When township officials exhaust all other options, they can seek to increase property taxes through a referendum. In recent years, seeking a property tax increase has been a rare occurrence for townships; however, a majority of townships that tried were successful (**Table 3**). Of the 28 townships (4.9%) that said they sought a property tax increase through referendum in the previous three years, 15 (57.7%) were successful.



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**Table 3. Property Taxes**

Question	Percent	Number
Is your township at the maximum tax rate for any town and/or road district funds?		
Yes	47.8	266
No	42.4	236
Don't know	9.7	54
For which funds?		
Road and bridge fund	37.9	211
General town fund	23.9	133
Joint bridge fund	19.8	110
General assistance fund	12.8	71
Other	9.0	50
Insurance fund	6.7	37
Has your township sought a property tax increase through referendum in the past three years?		
Yes	4.9	28
No	94.6	543
Don't know	0.5	3
If yes, did the referendum . . .		
Pass?	57.7	15
Fail?	42.3	11

Source: 2002 TOI/IIRA Township Survey; n=588.

## Fund Balances

It is recommended financial practice for governments to budget for revenues to exceed expenditures by an amount adequate to meet unexpected expenses. Maintaining an adequate fund balance can cushion government from short-term financial difficulties and provide flexibility to meet a sudden decrease in revenues or increase in expenditures. Many local governments and states use fund balances or “rainy day funds” for financial exigencies.

Maintaining a fund balance can create controversy, however. Political opponents can call for available fund balances to be returned to taxpayers through lower property tax rates or to be used for expanding programs and services. A series of articles produced by the Associated Press in 2001 questioned existing fund balances in several townships.

The survey asked responding officials their reasons for maintaining fund balances (**Table 4**). Most officials (60.5%) indicated that they maintained a fund balance as a “good government

practice.” The issue of rainy day funds received statewide visibility not only from the AP articles but also from the creation of such a fund by the General Assembly at the urging of Comptroller Dan Hynes. In addition, the Department of Commerce and Economic Opportunity (DCEO) and its predecessor agencies traditionally recommended fund balances in their seminars and presentations on local government finance. This could be why fewer township officials (27.8%) said that they inherited fund balances from previous administrations. These results suggest that the creation and maintenance of fund balances is a relatively recent phenomenon, and perhaps the increased visibility and advocacy of fund balances by state agencies has had some impact on their increasing popularity.

**Table 4. Fund Balances**

Question	Percent	Number
Why does your township maintain a fund balance?		
Good government practice (“Rainy day fund”)	60.5	340
Protection against unanticipated expense (Large medical claim)	55.2	310
Future capital project	52.8	297
Inherited from previous administration	27.8	156
Don’t know	2.7	15

Source: 2002 TOI/IIRA Township Survey; n=588.

Many township officials (55.2%) keep a fund balance to protect against unanticipated expense. Changes in state regulations opened up the possibility of large medical claims under the GA program. Township officials can levy an extra amount in the GA fund as a hedge against a large claim. Because of the variability in medical claims and the rapid increases in healthcare costs, townships can be financially devastated by a large claim and need some type of financial cushion. Results from this survey question varied by location and size, with large townships and those in metro areas reporting fund balances more often than those with smaller populations located in adjacent and remote areas. Townships with more residents would have a greater chance at processing a large medical claim than those with fewer residents.

More than half (52.8%) of responding officials said they build a fund balance to pay for future capital projects. Surprisingly, the results did not vary by metro status—it would be expected that remote townships with more miles of roads to maintain would more often report having fund balances for large capital projects. Capital needs for townships include road maintenance vehicles that can be quite expensive or large road or bridge repair projects.

Townships may also accumulate funds to purchase computers or a building. Valley Township (Stark County), for example, builds a cash balance by placing accumulated funds in certificate of deposits that pay higher rates of interest. According to responding officials, this practice enables the township to pay cash for capital projects, such as bridge repair, without incurring debt. Using

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funds available from the year-end balance for capital needs can reduce the amount that needs to be financed through debt. Interest earned on the funds can also be applied to the capital or project cost.

## Financial Policy Options

When faced with financial challenges, township officials typically avoid property tax increases and focus on other methods to balance their budgets and maintain service levels. Property tax increases are usually a solution of last resort.

### *Town Board Views on Property Taxes*

A majority of township boards (58.5%) believe that property tax rates should be held constant or reduced (**Table 5**). Roughly one-third of responding township officials said that property taxes could be raised for the right purposes, such as funding additional or new services in response to public demand. For example, 22.0 percent of officials said that their town boards would raise property taxes, if needed, for additional services, and 12.7 percent reported that they would be willing to increase them for existing services.

While one-third of township officials believe their town boards would increase property tax rates for the right purposes, few have chosen to do so in the previous three years as was reported earlier. Most township officials are apparently satisfied with their current menu of services and have adequate funds to support them.

### *Revenue Preferences*

While most townships did not seek revenue increases during the three years previous to the survey, most expressed a preference for methods to increase property tax funds to generate additional revenues. Officials were asked to rank their preferred changes if they required more funds to provide services.

Most officials (43.8%) desired increases in property tax rate limits for specific funds, such as the road and bridge or joint bridge funds (**Table 4**). It would make sense for officials to favor an increase in the tax rate limit for road and bridge funds since many townships are already at their maximum tax rates for this fund. Approximately one-fourth (26.2%) of township officials prefer an increase in the property tax limit for the corporate fund, which covers most administrative and programmatic costs for townships.

Another 40.8 percent of responding officials prefer that property tax caps be removed. One-third of Illinois counties have tax caps in place, which limit the increase in property tax assessments to five percent or the rate of inflation, whichever is less. Removing the tax cap would allow townships the opportunity to capture natural revenue growth from increased assessed valuations.

**Table 5. Financial Policy Options**

Question	Percent/Mean	Number
What is the overall position of the Township Board on property taxes?		
Willing to increase property taxes for existing services	12.7%	73
Can be increased if needed for additional services	22.0%	126
Additional expenditures should come from other revenues	4.0%	23
Property tax rates should be held constant or reduced	58.5%	335
Property taxes should be lowered even if expenditures are	2.8%	16
If your township requires additional revenues for township services, what changes would you prefer and in what order of preference?		
Increases in fees for services	2.6	311
Removal of tax cap	2.5	289
Increases in general property tax rate limits (corporate fund)	2.2	390
Increases in property tax rate limits for specific funds	1.8	411
Other	1.9	70
*Coding: Rank from 1 to 4, where 1 is the most preferred, 2 is the second most preferred, and so on.		
Percent of respondents that reported that the measure below was the township's <b>most preferred</b> when requiring additional revenue		
Increases in property tax rate limits for specific funds	43.8%	180
Removal of tax cap	40.8%	118
Increases in general property tax rate limits (corporate fund)	26.2%	102
Increases in fees for services	20.9%	65
In order of priority, what measures does your township usually take when faced with financial difficulties?		
Postpone capital expenditures	1.78	432
Reduce nonessential expenditures/services	2.15	319
Adopt more innovative management practices to increase efficiency (intergovernmental contracting, group purchasing, etc.)	2.42	329
Reduce/eliminate programs and/or services	3.29	301
Raise property taxes	3.60	267
Raise fees for services	3.92	116
Layoffs	4.21	129
Other	1.91	69

\*Coding: Rank from 1 to 5, with 1 being the first step the township takes, 2 is the second step taken, and so on.

**Table 5. (cont.)**

Question	Percent/Mean	Number
Percent of respondents that reported that the measure below was the <i>first step</i> the township usually takes when faced with financial difficulties.		
Postpone capital expenditures	51.2%	221
Reduce nonessential expenditures/services	37.9%	121
Adopt more innovative management practices to increase efficiency (intergovernmental contracting, group purchasing, etc.)	26.4%	87
Raise property taxes	13.9%	37
Reduce/eliminate programs and/or services	11.6%	35
Layoffs	6.2%	8
Raise fees for services	3.4%	4

Source: 2002 TOI/IIRA Township Survey; n=588.

Interestingly, tax caps can have the effect of increasing tax collections more than would otherwise occur. Officials in Green Garden Township (Will County) report that they levy at the legal maximum allowed. The population is increasing rapidly and is beginning to demand more services, yet tax rates are declining because of tax caps.

Finally, 20.9 percent of township officials prefer increases in fees for services. More local governments are enacting or increasing user fees as a fair way to cover the costs of government services; however, there are few township services for which fees are applicable. Townships could charge a fee for processing GA applications. In other cases, townships with parks or that provide social services could charge a nominal fee to partially cover the costs of providing the service.

The results on alternate revenue preferences varied by metro status and size. Small townships and those in nonmetro areas were more likely to express a preference for raising property tax rate limits, while large townships and those in metro areas more often preferred the removal of tax caps. One explanation for this finding is that most metro counties have tax caps in place. Assessed valuations in areas experiencing rapid economic growth, such as the collar counties, could also provide greater revenue increases for townships if tax caps were removed.

### *Policies to Address Financial Stress*

Township officials were also asked about which measures their town boards usually adopt in response to financial difficulties. With limitations on their flexibility to raise revenues and few alternate revenue sources, officials need to examine other alternatives to increase efficiency and maintain current services and programs. Officials were asked to rank their strategies in the order of which they are adopted.

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Township officials follow a fairly common framework among government officials by taking measures that inflict the least “pain” on citizens first, and then making tougher decisions if more actions are necessary. The strategy cited most often by township officials (51.2%) is postponing capital expenditures (**Table 5**). A delay in purchasing capital items or undertaking capital projects can save funds upfront but could be more costly in the future due to inflationary increases in project costs and continued deterioration of the specific project, such as a road or bridge.

Another common method to address financial stress is to reduce nonessential expenditures; 37.9 percent of townships use this strategy. Among the spending items identified by responding officials as nonessential are office supplies, travel, postage, overhead costs, and building improvements. Some of the services and programs listed appear to be more important, such as road maintenance, grants to social service agencies, and equipment. The City of Bloomington Township (McLean County) reduced overhead expenses and cut its staff through attrition.

Delaying capital expenditures and reducing spending on nonessential items are the first, and easiest, steps to addressing financial stress. Some townships elect to adopt innovative management techniques to increase efficiency and lower costs. More than one-fourth (26.4%) of townships reported that they took such measures as entering into intergovernmental agreements and group purchasing arrangements to eliminate duplication and improve service provision, as well as reduce costs.

If negative financial conditions persist, officials have four difficult options that can be pursued: (1) property tax increases, (2) reduction or elimination of programs and services, (3) layoffs of township employees, and (4) raising fees for services. As mentioned previously, few townships have sought property tax rate increases in recent years, and 13.9 percent said that an increase was a strategy used by the township. Roughly one in 10 townships (11.6%) reported that they reduce or eliminate programs and services. Few townships resort to layoffs (6.2%) or increases in user fees (3.4%). Layoffs are rare because there are few workers employed in most townships, and fee increases are seldom used because there are few township services for which fees are applicable.

Thus, township officials save the hardest policy options for last and take a pragmatic approach to dealing with financial stress. Interestingly, townships vary their strategies according to breakdowns of the survey data. Small townships and those located in remote areas postpone capital expenditures more often than large and metro townships. This could be because capital expenditures make up a greater share of budgets in these townships (due to more miles of highways to maintain), and delays can achieve more savings. Also, small and remote townships are less likely to seek property tax increases to address financial problems than large and metro townships. Service cuts occur less often in small and remote townships because they generally provide fewer services.

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## Summary

Most townships were in good financial shape in the early 2000s, and the outlook for the near future is also positive. The heavy reliance of townships on property taxes has both positive and negative implications: property taxes provide more local control and are more stable than income and sales taxes, but limits on rates, lack of alternate methods of finance, and public opposition to rate increases hinder officials' flexibility to meet service demands. Few townships sought property tax increases, and some are at their maximum rates for certain funds. Most townships have policies to address key financial issues such as fund balances, preferences for additional revenues, and adverse financial conditions. Unlike state government and many other local governments across Illinois that continue to struggle with fiscal stress, most townships are financially sound and not seeking service and program cuts or revenue increases. With stable finances, most townships should be able to adequately maintain or expand services.





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## Township Services and Programs: Trends in Scope and Delivery Systems

As a general purpose government, townships can provide a variety of local services in addition to the primary services offered— general assistance, property assessment, and highway and bridge maintenance. The flexibility to meet public demands for different services is cited as a major benefit of township government. In many remote areas of the state, townships are often the only means of accessing public services. Growth in the types of services offered occurred in the 1980s as more townships, especially in suburban areas, provided programs aimed at senior citizen and youth populations.

The range of services provided by townships and the frequency of provision vary greatly by size and location. Rural townships provide few services other than highway and bridge maintenance. Property assessment is often performed by a multi-township assessing district, and there is little, if any, demand for GA. In fact, one official from a rural township reported that GA had not been used in 30 years. Milks Grove Township (Iroquois County) is characteristic of many rural townships in Illinois. It has a population of 175, which declined by about 50 from 1990. According to the official that completed the survey, the township has no towns within its boundaries, and all roads are blacktopped. The main concern facing the township is building a new facility to house equipment and offices.

In contrast, townships located in suburban areas provide a wide range of services. These townships usually have fewer miles of roads to maintain but face greater demands for GA and a variety of social services. Oak Park Township (Cook County) sponsors an intervention program for at-risk youth to prevent drug, gang, and violence problems. Naperville Township (DuPage County) contracts with a social service agency to provide counseling to youth and families.

These examples are borne out by the survey results. Townships statewide provide an average of 5.8 services to their residents, but the number varies by size and metro status. Townships with populations of 2,000 and above provide an average of 6.8 services compared with 5.5 services provided by townships of 750-1,999 and 5 services provided by townships of less than 750. Metro townships provide an average of 6.6 services compared with 5.6 services in nonmetro adjacent townships and 5 services in nonmetro remote townships.

Townships mostly provide services and programs directly; however, more townships have developed partnerships with other local governments and private entities to increase efficiency in service provision. Others have donated funds directly to social service agencies to help meet local needs without setting up an in-house bureaucracy.

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This section examines the services provided by townships and service delivery systems. First, recent and future trends in service delivery—which services have been added or reduced in recent years and which are projected to be in the near future—are examined.

## **Trends in Services Provided**

Townships can increase or decrease the number of services provided due to changes in citizen demand or financial conditions. For example, an influx of elderly residents could lead to demands for the creation of senior citizen transportation provided by a township. Also, townships adjust the extent of existing services provided, such as increasing the miles of roads paved due to an increase in motor fuel tax funds.

Nearly one-third (32.3 percent) of responding townships report adding services during the three years prior to the survey (2000-2002), and 8.9 percent reduced services (**Table 6**). One-half of large population townships and nearly one-half of metro townships (47.8 percent) added services. Services most likely to be added are highway maintenance (15.9 percent), senior citizen transportation (14.3 percent), park/recreation services (14.3 percent), and community buildings (12.7 percent).

In contrast, few townships (7.6 percent) projected that services would increase in the next three years (2003-2005). Only 4.7 percent of townships projected service reductions. The falloff in the number of townships increasing services could be because of declining economic conditions caused by the recession of 2001. Most of the change in service levels and scope occurred in metro areas and large townships with greater demand for social services.

## **Programs for the Needy**

GA is a last resort program for needy residents and was designed as short-term assistance for qualified residents until they become eligible for state assistance from the Illinois Department of Public Aid or become self-supporting. In addition to GA, townships can offer other programs that provide short-term assistance. Demand for these services often varies with economic conditions.

### *General Assistance*

Nearly all (98.1 percent) townships provide GA services, the same exact percentage as 1995. The biggest change in results is in the number of townships that contract for GA services: only 5 percent of townships contracted these services in 1995, but 35.7% did in 2002. Nearly one in five (18.8 percent) contract with other governments, mostly with other townships; 10.6 percent contract with private entities; and 6.3 percent contract with nonprofit organizations.

**Table 6. Services**

<b>Question</b>	<b>Percent</b>	<b>Number</b>
Do you have to add or reduce services in the next three years because of financial difficulties?		
Add	7.6	39
Reduce	4.7	24
Don't know	87.7	448
If yes, which services?		
Add ( <i>top 5 only</i> )		
General assistance	16.0	4
Senior citizen transportation / Senior citizen recreation programs / Food banks / Recycling (Each item had three responses.)	12.0	3
Reduce		
Highway maintenance	62.5	5
Bridge maintenance / Administration of cemeteries / Senior citizen transportation / Youth recreation services / Planning commission / Programs to maintain seniors at home (Each item had one response.)	12.5	1
Have you recently (in the past three years) added or reduced services?		
Add	32.3	112
Reduce	8.9	31
Don't know	58.8	204
If yes, which services?		
Add ( <i>top 5 only</i> )		
Highway maintenance	15.9	10
Senior citizen transportation	14.3	9
Park/recreation activities	14.3	9
Community building	12.7	8
GA / Recycling (Each item had six responses.)	9.5	6
Reduce		
Highway maintenance	33.3	3
General assistance	22.2	2
Administration of cemeteries / Animal control / Distribution of commodities / Youth recreation services / Senior citizen transportation / Recycling (Each item had one response.)	11.1	1
Do you have any experience in professional financial management?		
Yes	63.4	340

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**Table 6. (cont.)**

Question	Percent	Number
If yes, in what areas?		
Accounting – small business	48.8	179
Accounting – farming	46.9	172
Bookkeeping	45.5	167
Accounting – sole proprietorship	25.1	92
Investments	23.2	85
Accounting – governmental	22.1	81
Accounting – corporation	20.2	74
Other	9.8	36

Source: 2002 TOI/IIRA Township Survey; n=588.

Survey results show that townships with small and medium-sized populations contract for GA services more often than large townships. Nearly one-fourth (24.7 percent) of small and 22.1 percent of medium-sized townships use this service delivery method compared with 9.8 percent of large townships. Small townships are also more likely to contract with private and nonprofit entities.

Contracting agreements for GA among townships take several forms. In some counties with large population centers, small, rural townships with part-time officials contract with townships in larger cities that have full-time staff to handle caseloads. In McLean County, City of Bloomington Township provides GA processing for rural townships and charges a fee for services provided. Other examples of this type of arrangement are found in Stephensen County (Freeport Township), McDonough County (Macomb), and Warren County (Monmouth).

Another example of intergovernmental contracting for GA comes from townships in Hancock County, which doesn't have a large population center. Participating townships contribute to a combined fund used to hire a caseworker who handles GA applications and processing and stays current with regulations. Crawford County townships report a similar system to handle GA administration.

### *Food Banks and Commodity Distribution*

Few townships provide other services for the needy, such as food banks (8.3 percent) and commodity distribution (6.2 percent). The number of townships that offer commodity distribution is roughly the same (7.8 percent) as 1995, but the previous survey did not include food banks as a possible service. Most townships have in-house food banks (47.9 percent) or contribute funds to a nonprofit agency (39.6 percent) to provide the service. The preferred method of distributing commodities is in-house, as shown by 69.4 percent of responding townships that provide this

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service. Food banks and commodity distribution are far more prevalent in townships with large populations and those in metro areas, probably because of the greater number of needy residents.

<i>Programs for the needy</i>	<i>Pct.</i>
General assistance	98.1
Food banks	8.3
Distribution of commodities	7.8

Specific examples provided by survey respondents include the following:

- Sandwich Township (DeKalb County) saves approximately \$185 on processing each case by working with other nearby townships for GA administration. Savings were used to provide grant funds to social service agencies from the Town Fund. Officials from one of the townships it contracts with, Shabbona Township, report improved efficiency and quality of services.
- West Township (Effingham County) is a small, rural township that reports only two GA cases in the previous eight years. Officials report that it is more cost-effective to contract GA administrative services with a larger township for a fee than to keep up with changing regulations.
- City of Bloomington Township (McLean County) began a partnership in 2001 with a local nonprofit agency to provide employment assistance to GA applicants. In 2002, the township started a benefit card system in which GA benefits for food are issued through a debit card instead of paper vouchers. Recipients can use the card at a local grocery store, thus reducing paperwork and increasing program efficiency.

## **Public Works Services**

A core responsibility of townships is to maintain and repair highways and bridges. Townships supervise more miles of roads than cities and counties combined, but the miles have less volume. In rural areas, township roads often serve as economic lifelines for farmers to take products to market and for persons who reside in the countryside and are employed in nearby communities. Townships roads also provide access for public safety vehicles to reach rural residents in times of emergencies. In suburban areas, heavy usage of township roads due to population growth can create additional maintenance challenges for highway superintendents.

Townships fund road and bridge maintenance through motor fuel taxes distributed by state government and through local property taxes. As noted previously, nearly 40 percent of townships are at their maximum property tax rates for their road and bridge funds.

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## *Road Maintenance*

Nearly all respondents (94.6%) said that they provide highway maintenance services. It is likely that the only townships that do not provide these services are coterminous with municipal boundaries—in these instances, city highway departments oversee street maintenance and repair—or they do not have the minimum of four miles necessary under state statute to qualify as a road district. This finding is supported by the fact that provision of this service varies with size and location; townships in metro areas (91.2%) and with large populations (91.1%) provide road maintenance services less often than smaller townships and those in rural areas.

Most townships (91.6%) provide routine road maintenance services in-house, and 10.6 percent use private firms mainly for major construction and repair projects. Only 7.1 percent of townships work with other governments to provide road maintenance services, which are attractive candidates for a greater level of intergovernmental cooperation. Nearly all townships provide road maintenance, and counties and cities have highway and street maintenance functions as well. All local governments providing these services use similar equipment that can be shared with other entities.

The 1995 IIRA-TOI report on townships listed several examples of intergovernmental cooperation involving road maintenance services. Highway commissioners in McDonough County share seal coating vehicles and equipment and reported significant cost savings. Officials report in the 2002 survey that cooperative agreements among townships to provide road maintenance services exist in 20 counties. Many agreements, including those involving townships in Adams, Bond, and Montgomery Counties, involve oil and chipping roads.

## *Bridge Maintenance*

Most townships (87.0%) maintain bridges and use in-house staff (75.0%). Approximately one-fourth (25.9%) of responding townships contract with another government, and 23.9 percent contract with private firms for bridge maintenance. This could be because bridge maintenance requires specialized engineering skills and resources that can only be found in neighboring governments or with private firms.

<i>Public works services</i>	<i>Pct.</i>
Highway maintenance	94.6
Bridge maintenance	87.0

Specific examples provided by survey respondents include the following:

- Rutland Township (Kane County) has intergovernmental agreements with municipalities within the township for road maintenance services. Officials report less duplication of services and increased efficiency.

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- Valley Township (Stark County) reduces the cost of seal coating roads by including projects with those from other local governments as part of a countywide competitive bidding process.
  - Westfield Township (Bureau County) officials estimate that their cooperative seal-coating program with other townships reduces costs by approximately one-third.
  - Mount Pleasant and Union Grove Townships (Whiteside County) split the cost of a paver and roller for road projects.
  - Winslow Township (Stephenson County) is part of an agreement among several townships in which road commissioners work together on gravel hauling, which saves on trucking expenses.
  - Albany Township (Whiteside County) is part of an intergovernmental agreement with other townships for maintenance projects, which saves tax dollars. Officials report the major advantage to such an agreement is that sharing equipment, such as graders and trucks, eliminates the necessity of each township having separate sets of equipment.
  - Barnett Township (DeWitt County) saves money by working with other townships on road and bridge maintenance. The townships share labor costs and also achieve lower materials costs through joint purchasing of products. Group purchases of equipment not only save money but also allow the township to access a greater variety of equipment, which would otherwise not be available.
  - Old Ripley Township (Bond County) works with other township highway commissioners and the county highway superintendent in chipping roads—getting the job done effectively and efficiently, according to local officials.
  - Wheatfield Township (Clinton County) works with three other townships in the county to oil and chip roads. The townships have eight trucks available for projects when they all work together, compared with just one or two if working individually, allowing work to be completed more expeditiously.

## **Property Tax Administration**

Township governments play an integral role in the property tax system in Illinois. Property assessment is performed by elected township officials except in Cook and St. Clair Counties. Each township is responsible for property assessment that establishes the tax base for local governments. Assessors are elected by either each township or through multi-township assessing districts.

Nearly three-fourths (73.1%) of townships report responsibility for property assessment, nearly the same figure (75.7%) in 1995. Not all townships report this service because those with less than 1,000 residents were required by a 1979 law to be in a multi-township assessing district. This is reflected in the 2002 survey in which 23.4 percent of townships report that property assessment services are provided by another government and 54.4 percent report providing them in-house.

<i>Property tax administration services</i>	<i>Pct.</i>
Property assessment	73.1
Tax collection	8.1

## **Cemeteries**

The number of townships that oversee cemeteries has not changed much between 1995 and 2002. Nearly half of reporting townships (45.4%) administer cemeteries, down slightly from 47.6 percent in 1995. Cemetery administration remained fifth on the list of services townships provide most often. Small and rural townships oversee cemeteries more often than large and metro townships. Three-fourths (75%) of townships administer cemeteries in-house, and similar numbers of townships contract with other governments (8%) and private firms (7.6%) for administration.

<i>Cemeteries</i>	<i>Pct.</i>
Administration of cemeteries	45.4

## **Senior Citizen Services**

Townships provide a variety of services to meet the needs of senior citizens. As the elderly population increases due to the retirement of the “Baby Boomers,” additional demands for services and programs targeted to senior citizens may create financial challenges for townships. Townships can address these needs by creating programs in-house, partnering with other governments or organizations through cooperative agreements, or donating funds to existing service providers.

Survey results, however, show that fewer townships provided senior citizen programs in 2002 than in 1995. The decline among townships providing services for the elderly was most noticeable in townships with large populations. It could be that other governments or nongovernmental agencies began providing these services, that there was insufficient demand to justify service provision, or that some townships shifted responsibility for services to third-party providers.

<i>Senior citizen services</i>	<i>Pct.</i>
Senior citizen transportation	13.8
Senior citizen meals	11.1
Senior citizen recreation	9.3
Programs to maintain seniors at home	4.1



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Specific examples provided by survey respondents include the following:

- McHenry Township (McHenry County) works with nonprofits such as Senior Services and the Salvation Army Golden Diners to provide a variety of services for the elderly at the township Senior Center. The township also operates a senior transportation program for elderly residents.
- Flora Township (Boone County) makes an annual contribution to the Boone County Council on Aging that assists with senior transportation program costs.
- Middleport Township (Iroquois County) allocates funds for a Senior Center and a countywide transportation system.
- Fondulac Township (Tazewell County) contributes to a local senior citizen nutritional program by paying rent to a church. The program guarantees at least one hot meal daily for senior citizens. Officials decided to contribute to the existing program rather than competing with it by starting a new program in-house.

## Public Safety Services

Basic public safety services, such as police and fire protection, are provided by municipal and county governments. Some townships, however, contract with neighboring public safety agencies to ensure minimum levels of service. The flexibility of township governments to meet a wide variety of needs allows them to offer several different public safety services.

Some county sheriffs' departments are cutting back rural patrols due to financial constraints. Townships can contract with the sheriff's office or nearby municipal police agencies for patrols. For example, some townships, such as Danvers (McLean County) and Cordova (Rock Island County) contract with village police departments within their jurisdictions to provide patrol services. In addition, townships contract with villages or rural fire protection districts for fire-related services. Frankfort Township (Franklin County) and Grant Township (Vermilion County) contract with local villages for fire protection. Proximity to fire services is an important element of homeowner insurance rates for rural residents.

<i>Public safety services</i>	<i>Pct.</i>
Fire protection	7.8
Animal control	4.5
Police protection	3.6

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Specific examples provided by survey respondents include the following:

- Coloma Township entered into an agreement with Whiteside County to provide animal control services. The agreement saved money for the township, reducing its annual cost for the service by more than half (\$9,000 to less than \$4,000).
- Sheldon Township (Iroquois County) joined with five other townships in contracting with a private firm to provide ambulance services to residents.
- Curran Township (Sangamon County) contracts with the city of Springfield for fire protection services. The town board appoints members to a fire protection district that levies and collects taxes for minimum fire protection services. The remaining amount is turned over to the city for an increased level of coverage.
- Chillicothe Township (Peoria County) cosponsors an Escape School in conjunction with the Funeral Home Association to train children on life-saving maneuvers in cases of abduction.
- New Trier Township (Cook County) sponsors a peer jury program in which local police departments try juveniles through a peer jury that allows teens to avoid a police record. The program includes education and community service components.

## **Community/Economic Development**

While community and economic development are more often addressed by counties and municipalities, townships are involved in a variety of activities designed to address local economic conditions and improve the quality of life. Strong communities with enhanced growth strategies can attract development and improve the local tax base. The scope of services provided by townships ranges from making available the town building to enacting zoning regulations.

Development programs vary depending on the location of the township. In fast-growing suburban areas, townships can establish planning commissions that try to structure growth in an orderly fashion. In rural areas with declining populations, townships can participate in economic development efforts with the goal of attracting businesses and stimulating job growth. Economic development activities are usually part of regional efforts involving other area local governments.

Townships now play a more important role in job placement and training through GA as recipients are required to seek employment as a condition of GA. Consequently, many townships coordinate efforts more closely with other local job placement agencies. Workforce development is an important element of overall economic development strategies.

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<i>Community/economic development services</i>	<i>Pct.</i>
Community building	23.7
Libraries	10.2
Planning commission	9.8
Zoning	5.4

Specific examples provided by survey respondents include the following:

- Pendleton Township (Jefferson County) offers its community center for families, businesses, and other groups for meetings or social events. According to officials, the rent received for use of the building pays the cost of cleanup.
- Phillips Township (White County) works with Wabash Area Development, Inc. to help families in need of assistance by providing job listings and making clients aware of available opportunities.
- Chillicothe Township (Peoria County) works in conjunction with area employers that place help wanted ads to offer probationary employment to GA recipients. The arrangement provides recipients with job opportunities they might not have otherwise had.
- Wesley Township (Will County) has a Planning Committee that officials view as a check on growth and development decisions made by county government.
- Flora Township (Boone County) joined Boone County Growth Dimensions to provide officials with input and educational opportunities on managed growth decisions within the township. The township also has a Planning Commission that was created because zoning and growth issues were not being addressed effectively.
- Rockton Township (Winnebago County) formed an Economic Development Commission with other townships, villages, and cities to network and address development in the region.
- Coloma and Sterling Townships (Whiteside County) provide utility grants, food distribution, and other assistance to residents who lost jobs when a local steel mill closed.
- Austin Township (Macon County) received three separate state grants for purchase of a new grader, installation of a well and septic system for the town shed, and construction of a town hall for community use.
- Indian Grove Township (Livingston County) has an agreement with the local library to issue a library card to all township residents living outside the city limits. The arrangement enables these residents to use the library free of charge, and the township pays the library \$30 per card.

- Lake Villa and Antioch Townships (Lake County) share a joint community center with Antioch High School. Antioch Township and the high school use the offices, and Lake Villa Township uses the ball fields and community rooms.

## Environmental Services

Few townships statewide offer environmental services, which often fall under the purview of other local governments. For example, water and wastewater systems would be cost-prohibitive in sparsely populated rural areas. Also, it is common for rural residents to contract directly with private haulers for garbage collection services rather than for townships to provide the service. Still, some townships are involved in certain environmental services to meet other local needs.

<i>Environmental services</i>	<i>Pct.</i>
Recycling	7.9
Refuse collection	6.9
Wastewater collection/treatment	2.4
Water treatment/distribution	2.2

Specific examples provided by survey respondents include the following:

- Newtown Township (Livingston County) used grant funds to install a water system. The township also worked with the Illinois E.P.A. to clean up an abandoned factory site.
- Long Creek Township (Macon County) has owned and operated a water treatment facility since 1977. Operations are financed through user fees, and the facility serves residents in surrounding townships as well.
- Godfrey Township (Madison County) has a utility board that oversees operations of its wastewater treatment facility and collection system.
- Banner Township (Fulton County) sponsors semi-annual clean-up days and provides a drop-off location for items such as appliances, batteries, paint, tires, and furniture. The cost of the program ranges from \$1,200 to \$1,500 annually.
- Sycamore Township (DeKalb County) has a joint agreement with the county health department to provide a drop-off location for recycling. Cost for the program is shared between the township and the county.

## Public Health Services

Townships have a direct role in public health services through the GA program. Recipients are entitled to medical and dental assistance at no cost when other care is not available. Beyond that

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role, few townships are involved in the provision of health services. As with other service areas, the scope of programs townships can offer covers a wide range of options—from owning and operating a hospital to contracting with a county health department to provide flu shots.

<i>Public health services</i>	<i>Pct.</i>
Services for the disabled	5.0
Mosquito control	4.0
Mental health services	3.1
Nursing homes	2.6
Hospitals	1.4

Specific examples provided by survey respondents include the following:

- New Trier Township (Cook County) is involved in several public health programs. It saves money by contracting with a local hospital to charge public aid rates when billing township GA clients. The township enrolls uninsured clients in the Access to Care program, which caps prescription drugs at \$30 and doctors' visits at \$5. The township also saves tax dollars by providing catastrophic insurance for clients through TOIRMA.
- St. Jacob Township (Madison County) sponsors an annual health fair that includes administering flu shots for all persons 18 and older.
- McHenry Township (McHenry County) and five municipalities contract for mosquito abatement. The township covers the cost for the unincorporated area and one-half of the municipal areas.
- Freeport Township (Stephenson County) officials report that they save thousands of dollars by contracting with the county health department for GA medical services.
- Wayne Township (DuPage County) has an intergovernmental agreement with the villages within its jurisdiction for mosquito abatement, and officials report savings of 75 percent.
- Rutland Township (LaSalle County) is an example of a rural township that provides healthcare to residents. It formed an agreement with a local medical center to provide 50 prostate exams for residents each year. The township works with local doctors to provide free monthly blood sugar and pressure screenings at a clinic. Also, the township works with a hospital to provide cholesterol screenings for residents.

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## Youth/Recreation Services

While it is common for park districts and larger cities to offer youth and recreation programs, some townships offer these services as well. Youth and recreation services are more common in urban townships than in rural areas, probably due to greater youth populations and, therefore, greater demand. The range of services offered is varied as well—some townships offer early intervention programs for at-risk youth, and others own parks that provide recreational opportunities for young people.

<i>Youth/recreation services</i>	<i>Pct.</i>
Parks/recreation activities	8.5
Youth recreation services	8.1

Specific examples provided by survey respondents include the following:

- McHenry Township (McHenry County) is a member of the McHenry Area Youth Commission, an organization of municipalities, school districts, and townships, which promotes drug and alcohol prevention.
- Rockton Township (Winnebago County) formed a Recreational Path Committee that built and maintained a series of recreational paths through neighboring townships and municipalities. The township also partnered with a nonprofit conservation organization to preserve and develop a greenway protection plan.
- Oak Park Township (Cook County) provides an intervention program for at-risk youth to prevent gang, drug, and violence problems. The program is part of an intergovernmental agreement that spreads out the costs, making the services available to a larger number of teens.
- Warren Township (Lake County) partners with a park district to provide pre-school, after-school, and dance programs, and camps to area youth. The township offers football, baseball, and softball programs and is part of an association with nearby park districts, which provides services to disabled residents.
- Plato Township (Kane County) is developing its first township park that covers 46 acres and includes five baseball diamonds, five soccer fields, and tennis courts.
- Cordova Township (Rock Island County) constructed a bike path in conjunction with the county to keep bikes off the secondary roads to improve safety.

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## Summary

Most townships maintain the mix of services offered to residents, and few intend to add or reduce services. This could be directly related to the stability of financial conditions enjoyed by most townships during the past several years. The survey results also clearly demonstrate the broad scope of possible services a township can provide to meet the needs of residents. Meeting service demands requires greater skills than just balancing a budget. The next section explores management and administration in townships.





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## Management Practices

Demands for greater government accountability force public officials to be more innovative in service provision. To meet existing requirements, township officials must have skills in budgeting, personnel management, accounting, contract management, computers, and communications. This section examines a variety of management issues and focuses on several creative strategies for providing services more efficiently.

### Township Employment

Township employment levels vary with size and the number of services provided. Small, rural townships that administer basic services have fewer employees than large, urban townships that offer a variety of social services. Townships also contract some services or share employees with other local governments, which reduces the need for in-house staff. Low staffing levels increase the opportunities for residents to interact directly with elected officials rather than township employees.

#### *Full-Time/Part-Time Status*

About one-fourth (25.2%) of survey respondents serve as full-time township officials, and 73.1 percent are part-time officials (**Table 7**). Respondents from townships of more than 2,000 serve full-time (44.0%) more often than other categories of townships because their services are needed to oversee a greater number of programs. Most township officials that are part-time said they are retired (27.0%), farmers (23.0%), or small business owners (12.9%).

#### *Full-Time Employees*

Townships usually have lower staffing levels than other local governments. Township employees tend to be highway maintenance workers or office assistants for the supervisor or assessor. Some large townships have full-time staff for GA and youth or senior citizen program coordinators. The results show that township employment levels have not changed considerably since the 1995 survey.

Nearly half of the township officials reporting (49.4%) said that they had only one full-time employee (**Table 7**). A larger number (85.1%) of townships of less than 750 in population have just one full-time employee. Approximately one-third (33.1%) of townships have two to five full-time staff, and 17.6 percent report six or more full-time employees. The average full-time staff level for townships statewide is 4.5, a slight decrease from 4.6 in 1995, and ranges from 1.4 in small townships to 7 in large townships.

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**Table 7. Staffing Issues**

Question	Percent	Number
Do you serve as a full-time township official?		
Yes	25.2	143
No	73.1	415
If no, what is your main occupation?		
Retired	27.0	121
Farmer	23.0	103
Small business owner	12.9	58
Professional services (lawyer, accountant)	6.5	29
Homemaker	4.2	19
Laborer	3.1	14
Teacher	1.8	8
Unemployed	0.4	2
Other	21.0	94
How many persons are employed by your township in FY2002?		
Full-Time		
One employee	49.4	121
Two to five employees	33.1	81
Six or more employees	17.6	43
Average	4.5	245
Part-Time		
One employee	27.3	134
Two to five employees	54.0	265
Six or more employees	18.7	92
Average	3.8	491

Source: 2002 TOI/IIRA Township Survey; n=588.

### *Part-Time Employees*

Township officials often use part-time staff for the same tasks as full-time employees. Townships can save money by using part-time workers without benefits. A majority (54.0%) of township officials report they have two to five part-time employees (**Table 7**). The range for part-time staff by township size is less than for full-time employees (3 in small townships to 4.8 in large townships). The statewide average for part-time staff is 3.8 employees, the same figure from the 1995 survey.

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The results on staffing show that townships are able to provide services with a minimum level of personnel. Most townships have fewer than five full-time employees and a similar number of part-time staff members. In addition, staffing levels do not change much over time—in fact, the average number of full-time staff members decreased slightly from 1995 to 2002. This finding implies that services are delivered efficiently in most townships.

## Training

Township officials must stay current on changes and trends in management and finance. Officials are offered training by several sources including the Township Officials of Illinois (TOI), the Illinois Department of Commerce and Economic Opportunity (DCEO), and, on occasion, state universities. TOI offers multiple training opportunities at an annual conference; regional conferences; and separate sessions for supervisors, trustees, highway commissioners, assessors, and clerks.

Most township officials (58.2%) reported having attended at least one training session during the previous year, an increase from 50.3% in 1995 (**Table 8**). Results vary among types of townships, with approximately three-fourths of officials from large and metro townships receiving training in the previous year compared with about half of the officials from small and rural townships. It could be difficult for officials in rural areas, who serve part-time and have other full-time employment, to attend training sessions at locations far from their homes.

More than half (52.2%) of all survey respondents said that they attended TOI training sessions during the previous year; however, of those attending at least one training session, nearly all respondents (95.9%) attended TOI educational conferences. Less than 10 percent of officials said they attended training sessions sponsored by the University of Illinois Cooperative Extension (9.4%) or the DCEO (6.6%).

Sponsoring organizations appear to meet their goals of providing effective continuing educational programs for township officials. Similar numbers of officials reported that the training was “very effective” (43.5%) or “somewhat effective” (49.8%). Thus, nearly all (93.3%) responding officials said that the training they received was at least “somewhat effective.” Only 5.6 percent rated their training as fair, and one percent said it was ineffective.

## *Topics*

Township officials mostly prefer training on financial topics and issues that impact their balance sheets. The survey provided a list of 10 topics and asked officials to indicate whether they would attend a training session on each topic (**Table 8**). The issues receiving the most interest from township officials were developing and analyzing the budget (58.9%); sound financial management (57.2%); and compliance and cost of mandates (55.6%). Officials from metro townships said they would attend training sessions more often than rural officials for all topics

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**Table 8. Training**

Question	Percent	Number
Have you attended any training sessions in the past year?		
Yes	58.2	320
No	41.3	227
Don't know	0.5	3
If yes, who sponsored the training?		
Township Officials of Illinois	52.2	307
University of Illinois Cooperative Extension	9.4	55
Department of Commerce and Community Affairs	6.6	39
Other	6.8	40
If yes, rate the effectiveness of the training.		
Very effective	43.5	131
Somewhat effective	49.8	150
Fair	5.6	17
Ineffective	1.0	3
Respondents indicating they would attend training (percent responding <b>Yes</b> )		
Compliance with and cost of mandated material	55.6	270
Planning to accommodate long-term trends in the township's demographic makeup	39.7	183
Sound financial management	57.2	281
Personnel issues	23.4	107
Investment-stay local or seek outside sources	36.4	177
Finding innovative management strategies/case studies	30.0	139
Effectively communicating with the public/news media	29.4	140
Developing and analyzing the budget	58.9	284
Balancing demands for services and available resources	35.8	168
Adjusting to major changes in township economic activity	41.3	196
Other	27.0	17

Source: 2002 TOI/IIRA Township Survey; n=588.

except one—developing and analyzing the budget. It appears that training sessions on budget issues held near remote locations would generate interest from township officials in rural areas of the state.

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## Computer Use

The number of townships using computers in their daily operations has nearly doubled since 1995, increasing from 28.6 percent to 54.3 percent (**Table 9**). Computer use has had a rapid increase from 1988 when a survey found that 10.1 percent of township officials used computers.

Use of computers is contingent on the population and location of townships. In large townships, 81.6 percent of responding officials report computer use in daily operations compared with 44.0 percent in medium-sized townships and 35.6 percent in small ones. In addition, three-fourths (75.2%) of townships in metro areas use computers compared with roughly half (48.0%) in adjacent areas and one-third (33.8%) in remote counties.

The results may undercount actual computer use slightly because some officials reported using their home computers for official township business. Although the number of officials using home computers was small (eight officials or 1.3% of those responding to the question), it reflects the desire of some officials to access computers for specialized purposes and avoid spending township funds for computers.

The difference in computer use among townships by size and location could be financial or involve doubts among rural officials about the necessity or usefulness of computers. Results from the survey can help in overcoming both sources of resistance and demonstrate the ability of computers to save funds and improve the efficiency of township services.

Eliza Township (Mercer County) provides a useful example of the performance-enhancing aspects of computers for township operations. The township formerly used ledger books for recordkeeping until the current supervisor was elected. In switching to a computerized system, the township was able to save funds for several purposes. For example, the township saves \$350 per year by having payroll functions performed in-house instead of contracting with an outside source. Also, the computer allows township officials to complete and file its Annual Financial Report with the Comptroller's Office online, saving \$6,000 that it spent with a private firm.

Bridgeport Township (Lawrence County) reports saving thousands of dollars using computerized programs for GA operations, financial reporting and monitoring, and accounting. The township has all fund budgets programmed for annual and monthly expenditures and revenues. Officials also were able to purchase a computer with funds from interest earned on a CD. Officials in Concord Township (Bureau County) endorse computer technology to record, disburse, and track township funds, saying that it improves accuracy and saves time. Naperville Township (DuPage County) officials report that they use computers to increase efficiency in operations and keep staffing to a minimum. City of Bloomington Township (McLean County) uses computer programs to process GA and bookkeeping.

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**Table 9. Technology**

<b>Question</b>	<b>Percent</b>	<b>Number</b>
Does your township use a computer in its daily operations?		
Yes	54.3	313
No	45.7	263
If yes, for what purposes?		
Accounting	88.9	287
Word Processing	70.9	229
Budgeting	65.3	211
Property assessment	36.2	117
E-mail	36.2	117
Administering welfare applicants	23.5	76
Revenue forecasting	16.1	52
Billing for services	15.5	50
Other	7.7	25
Does your township have Internet access?		
Yes	36.7	213
No	63.3	368
If yes, what do you use it for?		
Information gathering	77.2	166
Communications with state agencies, other townships, residents, etc.	64.2	138
Links to other governments	47.9	103
Maintain a website	18.6	40
Other	17.2	37
Does your township have a website?		
Yes	7.6	44
No	92.4	535
If yes, what is the website used for?		
Provide information about the township to citizens	88.9	40
Links to other governments	71.1	32
Information gathering	62.2	28
Provide information/specifications on township contracts	15.6	7
Provide economic development information	15.6	7
Provide interactive services (e.g., GA application)	13.3	6
Paying bills	2.2	1
Other	11.1	5

Source: 2002 TOI/IIRA Township Survey; n=588.

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Specific use of computers centers on two important financial functions—(1) accounting and (2) budgeting—which placed first and third, respectively, on a list of functions for which computers are used. Accounting is cited by 88.9 percent of respondents who use computers in daily operations, and budgeting is reported by 65.3 percent. Word processing is the second highest computer function at 70.9 percent of respondents. Township officials also use computers for property assessment (36.2%), e-mail (36.2%), GA administration (23.5%), revenue forecasting (16.1%), and billing for services (15.5%).

## Internet Services

More than one-third (36.7%) of responding townships have access to the Internet (**Table 9**). As with computer use in general, Internet access is more common in urban areas than rural Illinois. Nearly, two-thirds (62.9%) of townships with large populations and roughly one-half (53.7%) of metro townships have Internet access. Internet use among other categories of townships ranges between 20 to 30 percent.

Townships use the Internet mostly for information gathering (77.2%) and communications purposes, with 64.2 percent of respondents saying that they interact with state agencies, other townships, and residents over the Internet. Nearly half (47.9%) of townships using the Internet provide links to other governments.

In most cases, Internet applications vary by size and location, with large and metro townships more likely to use the Internet for the purposes listed on the survey than small and nonmetro townships; however, use of the Internet to communicate with state agencies, other townships, and citizens is more common among remote townships (68.6%) than adjacent (65.0%) and metro (61.5%) townships. This finding suggests that Internet communications may replace telephones as the dominant communications method for townships.

## Websites

While the survey indicated that 44 responding townships (7.6%) have websites posted on the World Wide Web (**Table 9**), 76 townships currently have websites linked to TOI's website. Websites are rarely used in small and rural townships. Only three townships with a population of less than 2,000 and four nonmetro townships have websites. Approximately one in five metro and large townships have websites.

Websites can be used for a variety of purposes that relate mostly to providing information. Most townships focus their websites on three functions:

1. *Providing information*—Nearly all townships with websites (88.9%) use them to provide information about the township to citizens and other interested parties. Some townships (15.6%) include economic development data as part of the information offered through their

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websites. The same number of townships (15.6%) provide information and specifications on township contracts for potential bidders.

2. *Links*—Many townships (71.1%) provide links to other governments, such as their county, nearby municipalities, the state government, and the federal government.
3. *Information gathering*—A large share of townships (62.2%) gather information from their websites, such as the number of “hits” per week or month.

Few townships have interactive capability on their websites. Six townships provide interactive services, such as for GA applications and oversight, and only one township pays bills through its website.

Rutland Township (Kane County) developed a website that offers taxpayer access to property tax assessment records, links with Kane County government, and communication of services rendered. Two townships in McLean County offer innovative services through their websites: (1) Normal Township lists property values and descriptions for appraisers and (2) the City of Bloomington Township offers websites in English and Spanish to meet the needs of citizens.

## Group Purchasing Programs

Townships spend public funds for a variety of purposes—from major construction projects to paper clips for office use. Many expenditures are common to most, if not all, townships but may occur at different times of the year for individual townships. Townships can often save money by participating in group purchasing agreements that lower unit costs.

The percentage of townships participating in group purchasing programs nearly doubled since the previous survey, increasing from 21.7 percent in 1995 to 38.4 percent in 2002 (**Table 10**). The increase is in spite of pressures faced by public officials to buy goods from local businesses. Township officials may face the challenge of choosing between higher-priced local products or lower-priced goods purchased from out-of-town through a purchasing cooperative. Officials bypassing local goods may face political pressures from local businesses, their employees, and families for not assisting local economic development.

More than half (56.0%) of the townships participating in group purchasing programs buy items in conjunction with the state of Illinois. The Department of Central Management Services (DCMS) administers a purchasing pool program for participating local governments for such items as vehicles and office supplies. In addition, the Illinois Department of Transportation (IDOT) sells excess property and used vehicles. A similar number of townships (55.1%) jointly purchase items with county governments, and 22.7 percent do so with other township governments.



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**Table 10. Group Purchasing Program**

<b>Question</b>	<b>Percent</b>	<b>Number</b>
Does your township participate in a group purchasing program?		
Yes	38.4	217
No	61.6	348
If yes, which type of government?		
State of Illinois	56.0	121
County government	55.1	119
Other townships	22.7	49
Nearby cities	1.4	3
Special districts	1.4	3
School districts	0.5	1
If yes, for what items?		
Highway maintenance materials (fuel, salt, asphalt)	61.5	134
Vehicles	48.2	105
Highway maintenance equipment	36.7	80
Office supplies	9.6	21
Computers	3.2	7
Other	8.3	18
If yes, did the group purchasing program . . .		
Lower costs for purchased items?	92.3	181
Improve quality of purchased items?	16.8	33
Improve quality of services purchased?	14.8	29
Other	3.1	6

Source: 2002 TOI/IIRA Township Survey; n=588.

Townships in metro areas and with large populations purchase bulk supplies more often than rural and smaller townships, probably because they have a greater number of items to purchase. Small townships (less than 750 in population) purchase in conjunction with counties more often than other townships, perhaps because of pressure to buy from local merchants.

Most townships participating in joint purchasing programs (61.5%) indicate that they buy highway maintenance materials, such as fuel, salt, and asphalt. Nearly half of the townships (48.2%) report that they purchase vehicles through group purchasing, probably through the DCMS plan, for trucks, graders, and other vehicles used for highway maintenance. Another 36.7 percent of township officials purchase highway maintenance equipment through bulk purchases, and 9.6 percent buy office supplies.

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Townships in remote areas and with small populations purchase highway maintenance materials through group arrangements more often than other townships. With more miles of roads to maintain and a need for more vehicles and supplies, remote townships spend more on items such as fuel, salt, and asphalt, and potentially realize greater cost savings.

Group purchasing programs have met township officials' expectations by lowering the cost of goods without sacrificing quality. Nearly all townships participating in such programs (92.3%) report that group purchasing resulted in lower costs for the purchased items. Some townships reported an improved quality of products or services purchased. For 16.8 percent of townships, group purchasing improved the quality of items; and 14.8 percent said that the services purchased through group purchasing improved.

Cotton Hill Township (Sangamon County) officials report saving 20 to 30 percent through group purchases of road surfacing services and 20 to 30 percent through group purchases of culverts and other highway maintenance supplies.

## **Alternate Service Delivery**

Officials can provide township services and programs in-house with township employees or seek other arrangements that may save money, be more practical, or deliver services more efficiently. There are several alternate methods through which township officials provide services, including intergovernmental agreements, contracting with private and nonprofit entities or privatization, and the provision of financial assistance to organizations to help them provide services.

### *Intergovernmental Agreements*

Group purchasing is one example of an intergovernmental agreement. Another common intergovernmental agreement is to contract with another government to either provide a service for the government or have the government provide the service for the township. In addition, townships can share equipment or personnel to provide a service for both entities.

More than one-third (35.4%) of townships participate in cooperative intergovernmental arrangements for services, triple the number (11.0%) that did so in the previous survey (**Table 11**). Participation varies by population and metro status, with approximately half of large and metro townships having intergovernmental agreements compared with about one-fourth of small and remote townships. Intergovernmental agreements are more attractive to townships with large populations and those located in metro areas because they are more likely to provide a greater number of services. They are also attractive to small townships that can access specialized services found in large townships, such as GA administration, at an affordable cost and save money by avoiding duplication of effort, such as cooperative agreements for highway maintenance.

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**Table 11. Intergovernmental Arrangements**

Question	Percent	Number
Does your township participate in any cooperative intergovernmental arrangements for service provision?		
Yes	35.4	196
No	58.2	322
Don't know	6.3	35
If yes, what were outcomes of the cooperative intergovernmental arrangements?		
Improved efficiency in the provision of services	62.1	123
Lower costs	55.1	109
Improved quality of services	51.0	101
Better convenience for residents	37.4	74
Reduced duplication of services	28.3	56
Further opportunities for intergovernmental agreements	23.7	47
Other	7.1	14
Township has intergovernmental agreements with . . .		
Other Townships	43.8	120
Municipalities	26.6	73
Counties	22.3	61
School districts	2.9	8
Park districts	2.9	8
State of Illinois	1.5	4
Types of services provided through intergovernmental agreements include . . .		
Road maintenance	20.8	54
Earnfare/GA	20.5	53
Assessment	8.1	21
Transportation	5.4	14
Youth services	5.0	13
Recycling/waste	4.6	12
Bridges	3.9	10
23 Other Services	31.7	82

Source: 2002 TOI/IIRA Township Survey; n=588.

**Table 11** lists the services for which townships contract most often with other governments. Property assessment, performed most often with other townships through multi-township assessment districts, is the service contracted with other governments most often. The data offers an apparent contradiction regarding the incidence of contracting for highway maintenance services. In this section, 18 officials said that highway maintenance was performed by another

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government while a question in another section of the survey reported 54 examples of intergovernmental agreements for such services. It could be that the lower number reflects formal agreements while the higher number includes townships with informal arrangements for highway maintenance services.

Townships contract most often with other townships for services such as highway maintenance, property assessment, and GA. One hundred and twenty townships reported having intergovernmental agreements with other townships; 73 have cooperative arrangements with municipalities; and 61 work with counties. Eight townships have intergovernmental agreements with school and park districts, and four have them with the state of Illinois.

Officials who participate in intergovernmental agreements are achieving their goals of improving service delivery at a lower cost. When asked about the outcome of intergovernmental agreements, more than half of the respondents listed three significant benefits: (1) 62.1 percent reported improved efficiency; (2) 55.1 percent reported lower costs; and (3) 51.0 percent reported improved quality of services. Thus, intergovernmental agreements are improving the performance of township services and saving tax dollars. It appears that success breeds success: Nearly one-fourth of the officials who participate in intergovernmental agreements said that their success has led to opportunities for more agreements.

Officials in remote and smaller townships reported lower costs resulting from intergovernmental agreements more often than those in metro and large townships. It may be difficult for rural officials to reduce costs through contracting with private firms due to a lack of available suppliers. Contracting with another government providing similar services allows them to reduce duplication and save tax dollars.

Conversely, officials in metro townships reported better quality services more often than rural officials as a result of intergovernmental agreements. Governments in metro areas may have more choices among nearby governments for service provision, which can stimulate competition and force competing governments to improve the quality of services.

### *Privatization*

Governments can contract for the provision of public services with private entities. Several names are applied to such contracting, including privatization, outsourcing, and public-private partnerships. While the governing body retains ownership and control over the services, private for-profit or nonprofit entities manage the day-to-day operations. Privatization allows townships to access expertise not available with in-house staff and can result in cost savings and better services. They can make services available to citizens without creating a bureaucracy for program administration. Still, as with intergovernmental contracting, township officials must administer and monitor the performance of private entities to ensure that they are carrying out their contracted responsibilities.

Trend analysis on privatization is not possible because the questions on service delivery differed in the 1994 and 2002 surveys.

### *Private Firms*

While nearly every municipality and county in Illinois contracts with private firms for at least one service, only 18.9 percent of townships privatize services (**Table 12**). Most of the services commonly contracted are for public works and infrastructure services. For services such as bridge maintenance, recycling, and refuse collection, townships privatize services to access technical skills and expertise that are not available from their employees. In some cases, township employees perform routine maintenance on highways and bridges, while private sector firms are hired for major construction or repair projects. Ball Township (Sangamon County) contracts with a private firm for tax withholding and uses an electronic payroll system. Outsourcing the withholding function has eliminated late or incorrect filing fees due to withholding errors.

**Table 12. Services Provided by Private Firms and Nonprofit Firms**

<b>Question</b>	<b>Percent</b>	<b>Number</b>
Top 10 services provided by township through private firms		
Bridge maintenance	5.6	27
Recycling	39.6	21
Refuse collection	43.5	20
Administration of cemeteries	8.2	20
Property assessment	3.6	14
Senior citizen transportation	14.8	13
Highway maintenance	2.4	12
General Assistance	2.3	12
Mosquito control	31.0	9
Hospitals	57.1	8
Top 10 services provided by township through non-profit firms		
Senior citizen meals	33.8	24
Senior citizen transportation	26.1	23
Food banks	35.2	19
Youth recreation services	29.3	17
Programs to maintain seniors at home	40.6	13
Senior citizen recreation programs	19.7	12
Mental health services	29.6	8
Administration of cemeteries	2.9	7
Fire protection	12.1	7
Distribution of commodities	17.9	7

Source: 2002 TOI/IIRA Township Survey; n=588.

- *Nonprofit organizations*—Contracting with nonprofit organizations is used by 12.4 percent of townships, the least popular method of alternate service delivery. Townships often contract with nonprofit entities for social service functions, such as senior citizen programs, youth services, and food bank management (**Table 12**). These services also require specialized skills not usually found in township governments. Contracting with private and nonprofit firms occurs more often in metro townships because they provide more services. Also, it is likely that a market exists in metro areas for the services and programs provided by townships.

### *Funding for Programs/Services*

Another service delivery technique used by townships is to provide funds to other entities for programs and services, such as social services and senior citizen transportation. Officials may want to help ensure that certain services are available to residents and, instead of hiring employees, they contribute funds to agencies that currently provide them. This method differs from contracting in that there is no formal agreement for service provision—just a contribution of funds. Fondlac Township (Tazewell County) officials decided to contribute funds for a senior meals program rather than starting another competing program.

Financial contributions to service agencies are common in more populated townships such as those townships in adjacent and metro areas. While 40.1 percent of townships in the state provide funds to social service agencies, 55.7 percent of metro townships do compared with 14.9 percent of remote townships (**Table 13**). There is probably a greater demand for social services in metro areas, and more agencies exist that provide these services.

**Table 13. Donated Funds**

Question	Percent	Number
Does the township contribute funds for services/programs, such as social services, senior citizen transit?		
Yes	40.1	226
No	59.2	334
Don't know	0.7	4
Townships donate funds for . . .		
Transportation	33.2	108
Senior programs	27.4	89
Youth/recreation programs	10.8	35
Food pantry	9.2	30
Nursing/home health/health care	3.4	11
18 other programs	16.0	52

Source: 2002 TOI/IIRA Township Survey; n=588.

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Aurora Township (Kane County) officials have changed their methods for providing funds to social service agencies. Previously, the township provided grants without a formal performance review or application process. The township and other funding bodies created an annual consolidated grant application and hearing process. Groups seeking funds have an orderly process for application submittal, and the funding agencies benefit from a results-based process.

## **Summary**

More township officials are using innovative management approaches to increase efficiency and performance. Increased use of computers and the Internet, group purchasing arrangements, and intergovernmental agreements demonstrates the ability of many township officials to adapt to new concepts and policy innovations. That ability to adapt will be tested by a variety of issues—new and old—that face township officials.





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## Key Township Issues

Despite stable financial conditions in many townships, there are a variety of issues and concerns that could impact township finances and service levels in the future. Declining economic conditions, including higher unemployment and continued loss of manufacturing jobs, could lead to population declines and stagnant revenues in the future. In addition, potential inflationary or deflationary conditions could impact property values and property tax collections.

Some issues of concern to township officials are similar to those expressed by officials in previous surveys while others are new challenges. The survey examined recurring issues, emerging issues, and management concerns. It also included an open-ended question on the most important issue that must be addressed by township officials.

### Recurring Issues

The survey results show that focus by township officials remains squarely on daily issues concerning infrastructure and finances (**Table 14**). Road and bridge conditions ranked first and second, respectively, as the issues of most importance to township officials. Nearly two-thirds of responding officials (65% for roads and 61.9% for bridges) reported these issues were very important to their townships. Concerns about roads and bridges are greater in remote and sparsely populated townships probably because of smaller tax bases to finance repairs and more miles of highways to maintain. The importance of township infrastructure has not changed much since the 1995 survey when road and bridge conditions ranked first and second as issues of importance.

Financial challenges comprised the next tier of issues facing townships, with 39.3 percent of officials citing property tax base declines as a very important issue. One-third of respondents said that property tax caps are very important, and 23.9 percent view the need for additional revenues as an urgent matter. All three of the issues relate to dependence on property taxes as a major source of revenues. Property tax base declines could be related to population losses or stagnant property values. Tax caps could refer to either statutory property tax rate limits or property tax caps in 34 Illinois counties. Tax base declines and rate limits lead officials to seek other sources of revenues to maintain service levels.

Several issues related to population and demographic changes are also of concern to township officials. For example, similar numbers of responding officials report that an increase in elderly residents (18.7%) and a loss of youth (18.2%) are very important issues. While the growth in elderly residents is important in all areas of the state, loss of youth populations is more an issue in rural townships than urban areas. Fewer job opportunities in rural areas force young residents to seek employment in more densely populated areas.

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**Table 14. Township Issues**

Question	Percent	Number
Rate the following issues in importance to your township. Percent of respondents that reported that the issue below was <i>very important</i> to the township.		
Condition of roads	65.0	364
Condition of bridges	61.9	334
Property tax base declines	39.3	212
Property tax caps	33.0	178
Possible increase of TANF recipients due to expiration of welfare reform	31.7	166
Unfunded state mandates	26.0	135
Need for additional revenue	23.9	131
Compliance with GASB 34	21.9	106
Unfunded federal mandates	20.8	109
Increase in elderly	18.7	101
Loss of youth in township	18.2	98
Services needed for population growth	14.6	76
Additional services for urban expansion into townships	13.9	70
Lack of access to new technologies	6.4	33

Source: 2002 TOI/IIRA Township Survey; n=588.

Some townships must deal with the consequences of rapid economic and population growth. For example, 14.6 percent of respondents report that services needed for population growth is a very important issue, and 13.9 percent say that additional services for urban expansion into townships is very important. Many of these townships are located on the fringes of major population centers because they have populations of more than 2,000 and are located in urban areas.

Somewhat surprisingly, only 10.7 percent of respondents in remote townships view lack of access to new technologies as a very important concern. Rural areas in the state do not always have high-speed Internet access and are limited in their ability to attract businesses and individuals dependent on such services. Perhaps officials who do not view a lack of access as important are not aware of the development opportunities available through high-speed access or of residents' demand for such access.

## Open-Ended Question

Township officials were asked to describe the single most important issue that must be addressed by township officials in Illinois. The responses were as diverse as the many challenges facing townships. For analytical purposes, the responses were grouped into broad categories that capture the various concerns listed.

Financial and budget issues are cited most often (37.5%), covering concerns related to adequate funding, reducing the reliance on property taxes, tax caps, and general financial stability (Table 15). This finding coincides with the question discussed above on issues facing townships.

**Table 15. Most Important Issue**

Question	Percent	Number
What is the single most important issue that must be addressed by township officials in Illinois?		
Financial/budget	37.5	113
General administration	31.2	94
GA	7.3	22
Roads	7.3	22
GASB	4.7	14
Mandates	4.0	12
Economic development/growth	3.7	11
Assessor	2.7	8
Other	1.7	5

Source: 2002 TOI/IIRA Township Survey; n=588.

Somewhat surprisingly, when given the opportunity to directly address the most important issue, 31.2 percent of respondents described the importance of ensuring the survival of township government in the future. This grouping included many responses that urged townships to become more visible and vocal in informing the public about the benefits of township government. It could be that officials are responding to periodic articles in the news media that are critical towards township government, but it is significant that nearly one-third of respondents are still concerned about the viability of township government.

Part of the problem may be a lack of effective communication with the public and news media. There are ways, other than the annual town meeting and regular town board meetings, for townships to disseminate information. One method is for townships to produce a regular newsletter that provides information on services and programs and make it available to the public and local news media; however, less than one in 10 (9.3%) of responding officials report a regular newsletter. An informational newsletter could be a way for officials to directly address concerns over the future of township government and educate citizens about services.

To counteract negative or mixed stories about townships in the news media, officials could regularly communicate with reporters through news releases or press conferences. The information provided to the news media could educate them on township government and create a better understanding of the role townships play in local service provision; however, more than one-half (56.3 percent) of the respondents said that they had not spoken to the news media in the

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previous 12 months. It is not surprising, then, that the news media lacks adequate knowledge about the workings of township government.

The remaining responses to this question covered several topics already addressed in this report, including the following:

- General assistance (7.3%)
- Roads and bridges (7.3%)
- GASB 34 (4.6%)
- Unfunded mandates (4.0%)
- Economic development/growth issues (2.7%)
- Issues related to township assessors (1.7%)

## Emerging Issues

While many issues facing townships remain constant over time, other challenges arise in response to legislative, economic, or administrative changes. The survey examined several issues that have emerged in recent years, which present new challenges to township officials.

### *Expiration of Welfare Reform*

A combination of external factors is producing a “perfect storm” of potential difficulty for some townships, particularly those with large populations. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which created enormous changes in welfare policy including a five-year time limit on federally funded cash assistance (known as Temporary Assistance for Needy Families, or TANF), expired in September 2002. TANF recipients reaching their five-year limitation on federal assistance would likely seek other forms of assistance such as GA. The economic downturn of the early 2000s also creates demand for programs such as GA. Are these two simultaneous occurrences producing additional demand for GA and possibly straining township finances?

The answer appears to be yes, at least for townships in metro areas and those with larger populations (**Table 16**). While about one-third (34.4%) of townships statewide report an increase in GA caseloads since 2000, demand was greater in metro townships (42.3%) and larger townships (57.4%). These townships face a greater likelihood of including needy citizens and those facing economic hardship.

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**Table 16. Changes in Demand for Programs for the Needy**

Question	Percent	Number
Has your township experienced changes in GA caseloads since 2000?		
Yes	34.4	190
No	63.5	351
Don't know	2.2	12
If yes, estimate the percentage change.		
Increased more than 10 percent	27.0	62
Increased 1-10 percent	42.6	98
No change	19.6	45
Decreased 1-10 percent	7.4	17
Decreased greater than 10 percent	3.5	8
Has your township experienced increases in use of food pantries or distribution of food commodities since 2002?		
Yes	12.8	72
No	36.1	203
Don't offer these services	47.2	266
Don't know	3.9	22

Source: 2002 TOI/IIRA Township Survey; n=588.

The survey followed with a question asking respondents to estimate the percentage change in GA caseloads since 2000. Obviously, large increases create greater pressures on township finances. Most townships reported small changes in caseload levels, with 42.6 percent experiencing increases of 1 to 10 percent and 7.4 percent having decreases of 1 to 10 percent. Few townships reported decreases of more than 10 percent, but more than one-fourth (27.0%) of townships reported that their caseloads increased more than 10 percent. The results varied by population and metro status, with larger townships and those in metro areas more likely to report increases of greater than 10 percent.

Another indication of economic difficulties in Illinois is found in the number of townships reporting a greater need for food assistance in recent years. Among the services townships provide to the needy, in addition to GA, are food pantries or the distribution of food commodities. Nearly half of the survey respondents provide some form of food assistance, either directly or through contributions to other agencies that provide the service. While most townships that offer these services say that demand has not increased since 2000, nearly one-fourth (24.2%) reported increases. More than half (55.2%) of large townships experienced increases in demand for food assistance.

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The results reveal another source of financial stress for townships with sharply higher GA caseloads. GA is funded primarily through property taxes, and those townships located in counties with property tax caps face an added financial constraint to adequately fund services. The impact of the economic downturn and changes in welfare on GA caseloads appears to be mainly in larger townships and those in metro areas. Increases in demand for food assistance can create additional financial burdens unless the food commodities are donated.

### *State-Township Relations*

Local governments in Illinois are technically created by state government and therefore have limits on their powers and authority. Counties and municipalities can become home rule units and increase their powers to tax and regulate; however, township governments do not have the opportunity to seek home rule powers. The limitations imposed on townships create an inherent friction in relations with state government.

To explore more deeply existing state-township relations, the survey included an open-ended question that asked township officials to report the most important assistance the State of Illinois could provide their township. Because of the wide variety of responses, the answers were grouped into several categories that cover most concerns. Several themes emerged from township officials on ways state government could best assist townships, and some of the topics were interrelated.

- *Unfunded mandates*—Township officials most want state government to stop enacting unfunded mandates or fully fund those that are passed into law. One example of an unfunded state mandate is the requirement that townships provide medical assistance for GA recipients. The state government enacted this mandate and did not provide any financial assistance to help pay for the resulting costs. The issue of unfunded mandates is closely linked to other concerns voiced by officials about their relations with state government.
- *Red tape and regulations*—Township officials voiced frustration over excessive paperwork requirements and restrictions on their ability to manage their affairs. One specific idea mentioned several times was that the state give township officials greater flexibility to transfer funds. If a particular fund accumulates a large balance, officials prefer the ability to transfer those funds to another fund that may be spent down or close to depletion. More flexibility to transfer between funds would lessen the likelihood that officials would have to increase taxes to build up a funds balance.
- *GA and medical benefits*—Another suggestion is that the state should assume greater responsibility for medical expenses for GA recipients. Some officials expressed the desire that state government take total responsibility for the entire GA program. This issue is also related to concerns about mandates because the requirement that townships pay medical costs for uninsured GA recipients is an unfunded mandate.

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**Table 17. Attracting Qualified Assessor Candidates**

Question	Percent	Number
Does your township have difficulty attracting qualified candidates to run for assessor?		
Yes	46.4	255
No	44.9	247
Don't know	8.7	48
If yes, what are the reasons?		
No qualified applicants	81.2	211
Low pay	36.2	94
Too much paper work	21.2	55
Fear of legal issues	15.0	39
Other	16.5	43
If yes, has your township undertaken any special programs to attract qualified candidates for assessor?		
Yes	15.0	40
No	79.8	213
Don't know	5.2	14

Source: 2002 TOI/IIRA Township Survey; n=588.

- *Tax caps and limits*—Township officials voiced frustration over tax caps and statutory limits on tax rates, especially when taken into consideration with issues voiced in the survey. For example, a group of officials is angry about a state government that, on the one hand, imposes unfunded mandates, and, on the other hand, enacts tax limitations that restrict revenue flows. In most counties, state government has limited responsibility for property tax caps, which were imposed by the legislature in the six collar counties but were enacted by voters through referendum in other counties. State policymakers do have influence over property tax limits that are prescribed by statute, however. Several township officials also proposed that the state lift tax restrictions on GA to cover unanticipated medical costs or other expenses.
- *Grants*—A group of township officials also requested that the state provide more grant funding for townships, especially for road and bridge projects and equipment purchases. The frustration over funding relates to townships the reliance of townships on property taxes as their main source of financing services. It also ties into concerns voiced earlier about limits on property taxes, unfunded mandates, and flexibility to transfer funds.

Township officials' concerns expressed in the open-ended question provide a clear view of the challenges they faced. State mandates force them to provide and fund potentially costly services, such as medical care for GA recipients, without state assistance while the state restricts revenue sources and limits flexibility to manage funds effectively. With the state having its own financial

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difficulties, it is highly unlikely that additional funding will be provided for townships. Their best hope may be to request more flexibility in managing local accounts and to seek a state-township partnership on medical care for the indigent, which would relieve a major source of actual and potential financial obligation.

### *Township Assessors*

Because of the technical nature of the job, candidates for assessor should have some degree of knowledge and skills pertaining to assessing property. Rural areas with small population bases, in particular, face difficulties attracting qualified candidates to seek the assessor's position. In an effort to ease the problem faced by rural townships, the state legislature enacted the 1979 law creating multi-townships assessing (MTA) districts. According to TOI, there are 345 MTAs in Illinois, a decline of one from 1995, and the number of participating townships in each MTA ranges from two to six.

In spite of this change, many townships still face the challenge of attracting qualified candidates seeking the office of assessor. TOI reports that there are currently 38 assessor positions statewide that are vacant—13 in MTA districts and 25 in single townships. Some officials blame a law mandating that candidates for assessor attend training classes at their own expense prior to the election. If they fail their certification, they cannot seek the office. A lack of qualified candidates forces townships to contract with either the county supervisor of assessments or another outside entity to perform assessment services. Because of the continuing problem and the critical role played by assessors in the property tax system, the survey included several questions designed to gauge the extent of the problem and possible solutions.

According to the survey, nearly half of the townships statewide (46.4%) report difficulty attracting qualified candidates to run for assessor (**Table 17**). Somewhat surprisingly, the number of townships having trouble attracting qualified assessor candidates doesn't vary much by population or metro status. It would be reasonable to assume that this issue would be acute in rural areas and townships with small populations, but that is not the case.

Most respondents (81.2%) indicate that there are no qualified applicants for the position who reside in the township. Several officials responded that potential applicants view the training as too difficult, especially for the pay involved for the position should they win. Perhaps there are people who meet the criteria but are unaware of the position or applicants that do not meet minimum qualifications.

Other reasons for the difficulty in attracting qualified assessor candidates are cited less often, including low pay (36.2%), too much paperwork (21.2%), and liability concerns (15.0%). These factors are cited more often in rural townships and those with small populations.



Some townships are attempting to address this issue. Statewide, 40 townships (15.0%) are undertaking special programs to attract qualified candidates. The results were fairly consistent by population and metro status except for remote areas, where only four townships reported having programs to attract qualified assessor candidates.

Several townships reported that they advertised in local newspapers for the position when it became vacant. Some townships, such as Staunton Township (Macoupin County), pay for the mandatory schooling for assessor candidates as a way to attract candidates. Other townships, including Empire Township (McLean County), increased the assessor’s salary as an enticement for candidates to seek the office.

### *GASB 34*

Many townships are having difficulty complying with a recent regulation requiring them to provide an estimated value of all infrastructure. Government Accounting Standards Board (GASB) Statement 34 applies to all local governments, and its compliance date was phased in with the smallest governments being the last required to comply. Confusion exists about GASB with many officials erroneously stating in the survey that the regulation was enacted by the state or federal governments. GASB issues statements regarding financial reporting that are required by accounting firms when completing government audits. Thus, there is an enforcement mechanism even though GASB 34 is not an intergovernmental mandate.

Despite the universal application of GASB 34, more than one-half (55.9%) of respondents were not aware of the regulation in 2002 (**Table 18**). Awareness was greater in metro and large townships where roughly two-thirds of responding officials reported they were familiar with GASB 34 compared with approximately one-third of officials in smaller and rural townships.

**Table 18. GASB34 Awareness**

<b>Question</b>	<b>Percent</b>	<b>Number</b>
Are you aware of the General Accounting Standards Board (GASB) 34 regulation?		
Yes	44.1	230
No	55.9	291
If yes, does your township have a plan in place to address the requirements of GASB 34?		
Yes	28.0	76
No	45.4	123
In progress	26.6	72

Source: 2002 TOI/IIRA Township Survey; n=588.

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Compliance with GASB 34 varies even among townships where officials are aware of the regulation. While 28.0 percent of officials reported a plan in place to address the requirements of GASB 34, and 26.6 percent have a plan in progress, 45.4 percent, nearly one-half of those aware of the regulation, do not have a plan in place. Compliance is reported more often by officials in metro townships than rural ones, probably because their compliance date was sooner or they have a full-time staff to address the issue.

The difficulty of compliance with GASB 34 was expressed in other parts of the survey. Twelve respondents (4.0%) view compliance with GASB 34 as the most important issue that must be addressed by township officials in Illinois. The same number of officials believe that state assistance with GASB 34 compliance is the most important way for state government to assist townships.

## **Managerial Issues**

Township officials also face challenges in the daily administrative oversight of finances, personnel, and service delivery. From managing employees to developing a budget to determining a tax levy, officials require a variety of skills to ensure proper functioning of their townships. Training and continuing education are important for officials to not only learn proper procedures and practices but also to stay current on changes on a regular basis.

Respondents were asked to rank the difficulty of several issues and problems, and a mean was assigned to each response. A lower mean indicates a greater degree of difficulty. Officials were also asked a follow-up question asking whether they would be willing to attend training on the issues listed.

The most difficult issue for officials to deal with is compliance with, and the costs of, intergovernmental mandates with a mean of 3.3 (**Table 19**). The highest percentage of respondents (10.6%) also rated this issue as most difficult. Many mandates are unfunded and require officials to estimate their cost to be able to adequately budget for them. Compliance with mandates can also create difficulties, especially when they are not accompanied with funding. As with other questions in the survey and previous studies of township government, the issue of unfunded mandates continues to be one of the biggest challenges faced by officials with no apparent solution on the horizon.

**Table 19. Management Issues**

Question	Percent	Number
Rate how difficult the issue/problem is for township officials.		
Compliance with and cost of mandated material	3.3	386
Developing and analyzing the budget	3.6	380
Planning to accommodate long-term trends in the township's demographic makeup	3.6	346
Balancing demands for services and available resources	3.7	364
Adjusting to major changes in township economic activity	3.7	359
Sound financial management	3.7	390
Finding innovative management strategies/case studies	3.9	334
Effectively communicating with the public/news media	4.0	351
Investment – stay local or seek outside sources	4.0	358
Personnel issues	4.1	340
Other	3.0	40
*Coding: Rank from 1 to 5, (1 is very difficult; 3 is moderately difficult; and so on)		
Percent of respondents who reported that the issue below was <i>very difficult</i> for township officials.		
Compliance with and cost of mandated material	10.6%	41
Balancing demands for services and available resources	7.1%	26
Developing and analyzing the budget	7.1%	27
Adjusting to major changes in township economic activity	6.1%	22
Planning to accommodate long-term trends in the township's demographic makeup	5.8%	20
Effectively communicating with the public/news media	4.6%	16
Personnel issues	3.8%	13
Sound financial management	3.1%	12
Investment – stay local or seek outside sources	3.1%	11
Finding innovative management strategies/case studies	1.8%	6

Source: 2002 TOI/IIRA Township Survey; n=588.

The next most difficult managerial issues facing townships involve developing and analyzing the budget and planning to accommodate long-term trends in the township's demographic makeup (Mean 3.6). While nearly two-thirds (63.4%) of responding officials said they have experience in professional financial management, many still view the budget process as a challenge. Perhaps the financial experience they gained in the private sector differs from public budgeting and accounting. This topic attracted the highest percentage of respondents (58.9%) reporting an interest in attending training sessions devoted to it.

Demographic changes vary depending on the location of the township. For example, townships located in or near the collar counties face continued in-migration, which strains finances and

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increases demands for services. In rural townships, however, demographic changes often represent something entirely different—perhaps the loss of youth to urban areas in search of employment opportunities. In either case, demographic changes have an important impact on township finances and the mix and level of services provided.

The issues ranked third in this category at a 3.7—balancing demands for services and available resources, adjusting to major changes in township economic activity, and sound financial management—are interrelated. Changes in economic activity, as well as demographic changes, impact township finances and force officials to prioritize services. Financial management goes beyond just budget preparation to include oversight, accounting, cash management, and other financial functions. Training sessions for financial management attracted the second highest number of respondents (57.2%) saying they would attend.

## **Summary**

This section examined issues facing townships from a variety of angles. Depending on how the question is asked, officials either focus on day-to-day challenges, such as highway maintenance or balancing the budget, or larger questions involving the very essence of township government, such as the need to voice township's positive qualities. Officials are also very concerned about their relationship with state government, especially unfunded mandates, and the need for a better dialogue on local-state relations.

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## The Future of Township Government

The years between the 1995 and 2002 surveys were characterized by enormous changes: A booming economy in the late 1990s faded out and went into recession in 2001; a technological revolution that was nascent for many townships in 1995 became a major tool for efficiency and information collection and dissemination in 2002; and a feeling of security for Americans was damaged by acts of terrorism on American soil.

Most townships emerged from this period of enormous change in good financial shape. Service levels and staffing remained fairly constant for most townships, and many maintained adequate fund balances to cover any emergency costs. The survey results show that townships operate efficiently with a minimum of staffing to deliver services. Yet townships have flexibility to meet new demands for services or reduce services as financial circumstances and citizen demands dictate.

Township officials are also striving to create added efficiencies in their operations. Results from the 2002 survey show that more townships are . . .

- Using computers in their operations to deliver services faster and access more information.
- Entering into intergovernmental agreements to avoid duplication of services and increasing efficiency.
- Purchasing bulk items in cooperation with other governments to save funds.

Savings from these management reforms can be plowed back into township operations, used to fund capital projects, or used for fund balances.

While most townships enjoy positive financial conditions, some are still struggling with declining tax bases and an inability to adequately finance services. Most of these townships are located in rural areas and will need to examine management reform strategies discussed above, especially intergovernmental agreements that can save tax dollars.

Other challenges exist that must be addressed by townships in the future. Officials are in a difficult position regarding medical benefits for GA recipients: keeping a large fund balance for a major medical claim could draw criticism from the news media while maintaining a low balance could threaten the township's financial stability if a major claim arises. Many officials voiced a desire to address this issue by working with state government on a new approach to GA medical claims. Another idea advanced is for an insurance pool, similar to TOIRMA, that townships can participate in to protect against a large claim. In 2003, TOI endorsed a program, the Medical

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Assistance Catastrophic Insurance (MACI) Program, that protects townships from catastrophic GA claims.

Officials also voice frustration with state government's limitations on township flexibility to address financial concerns. Tax caps, statutory limits on tax rates, and restrictions on transferring funds are some of the issues officials want to see addressed. These problems require a solution at the state level.

Townships appear to be effectively addressing issues that are more directly under their control. While some townships report increasing GA caseloads due to the recession and expiring welfare benefits, most are handling the increased financial burden without difficulty. Some townships struggle to attract qualified assessor candidates but seem able to continue to provide services by either programs to attract qualified candidates or through contracting assessment services with other townships, county government, or private entities.

Some officials remain concerned about the very existence of township government, but the results of the survey demonstrate that the state of township government in 2004 is good and improved from 10 years ago. With prudent financial stewardship and continued search for management reforms to improve efficiency, townships have a bright future in Illinois.



