Efficient Governance
Achieving Transparency

This theme addresses the need for increased effectiveness of governments in the region and beyond, which is important to meet residents' needs regarding accountability and transparency. The chapter on Efficient Governance includes three sections of recommended actions:

The Regional Vision describes a region where "governance systems [are] characterized by high degrees of intergovernmental coordination" with links between physical planning and "social systems like health care, public safety, education, and social services." To achieve this, GO TO 2040 seeks to increase data sharing, governmental transparency, and intergovernmental collaboration, and to remove artificial barriers across programs at the local, regional, state, and federal levels.

Efficient and effective decision making by government is necessary to meet the goals of GO TO 2040. Public sector investments are needed to make progress in many of the areas described earlier in this chapter, but in an environment of limited fiscal resources, these must be carefully prioritized. Increased coordination between government agencies, transparency of data and decision making, and careful analysis of the impact of tax systems on our economy and community livability are needed.

RECOMMENDATION

7 Reform state and local tax policy

56
Average number of services taxed in all states

12
Number of services taxed in Illinois

$318,000
Highest municipal tax base per capita
(Retail sales + Equalized Assessed Value for municipalities over 5,000 population)

$8,000
Lowest municipal tax base per capita
(Retail sales + Equalized Assessed Value for municipalities over 5,000 population)

↑ **27%**
Change in annual state sales tax revenues
(adjusted for inflation)

1992–2008

↓ **-15%**
Change in annual state gas tax revenues
(adjusted for inflation)

7
Jobs per acre: Auto Dealership

$107,500
Local net tax revenue per acre: Auto Dealership

61
Jobs per acre: Corporate Office

$45,900
Local net tax revenue per acre: Corporate Office

$12,000,000,000
Amount of property tax revenue collected by school districts in northeastern Illinois

$5,000,000,000
Amount of state tax revenue disbursed to local governments in northeastern Illinois

State and local taxes have an impact beyond the public revenue they raise. To a great extent, they create incentives that shape the commercial and residential development of our communities. Such decisions are often motivated by the imperative of raising local revenues rather than by the goal of building a stronger regional economy and livable communities.

Tax policies frequently distort land use decisions rather than allow markets or quality-of-life factors to guide them. Tax rates are often set very high, and the tax base is overly narrow rather than broad, which further stifles economic competitiveness.

Because the current tax structure of Illinois and metropolitan Chicago is not meeting the needs of our residents and businesses, CMAP recommends the reform of state and local tax policies to make them consistent with the GO TO 2040 plan's vision. The benefits will be substantial in terms of economic development and quality of life in communities across the seven counties.

Reforming these policies can make revenues adequate to support essential public services, while avoiding undesired consequences, such as inefficient land use decisions or inequitable tax burdens that can impair regional economic productivity. The reformed tax system can also achieve greater overall efficiency by minimizing economic distortions created by the current system. And the reforms should bring about improvements in terms of equity, simplicity, and transparency.

Tax policy should encourage local decisions that make effective use of land, generate good jobs, and trigger sustainable economic activity. It should set high standards of transparency and predictability for the taxpayer. And it should not create large inequities across households, businesses, and local governments. By reforming state and local taxation, the region would benefit from new policies that help to advance rather than undermine GO TO 2040's goal for sustained regional economic competitiveness.

CMAP recommends the following areas be fully analyzed for potential reform.

Existing State and Local Revenue Sharing Arrangements, with a Specific Focus on the Sales Tax
Currently, nearly $5 billion annually in state tax revenue is disbursed to local governments in northeastern Illinois based on various criteria. More than one quarter of this amount comprises sales tax revenue shared between the state and municipalities, which receive 16 percent of the sales tax collections based on local point of sale. This disbursement structure creates an incentive for many local governments to emphasize retail land use — such as the attraction of auto dealerships and big box stores — perhaps at the expense of other uses more beneficial to the regional economy — such as offices or industrial uses. These revenue sharing structures should be addressed and adjusted to support economic efficiency and fairness.

Sales Tax and the Service Sector
Currently, the State of Illinois taxes many goods but only a few services, which make up a much larger and growing portion of the economy. Services make up 70 percent of personal expenditures today, substantially more than 40 years ago, when goods and services were roughly equal. Expanding the sales tax to include some types of industries in the service sector will expand the tax base, which could also allow lower sales tax rates without reducing overall revenue. It also will make the sales tax more progressive, because low-income earners consume more goods relative to their incomes than do high income earners.

Property Tax Caps, Classification, and Exemptions
Property taxes provide vital revenues for local government services, yet the systems in our region are often saddled with complexities and incentives that distort economic decision making and place undue stress on households, businesses, and local governments. Statutory and constitutional limitations on the property tax include tax caps (the Property Tax Extension Limitation Law, or "PTELL"), differing assessment classifications in Cook County, and other exemptions. These limitations can alter residential and business location decisions, create unpredictability for the taxpayer, and undermine local control. The property tax systems in northeastern Illinois need to be simplified and the process should be more transparent.

State Income Tax
The state's individual and corporate income tax rates (three percent and 4.8 percent, respectively) are among the lowest rates in the U.S. The tax is also imposed on a flat rather than graduated basis, whereby tax rates would be applied based on income levels. Moving to a graduated state income tax system, with marginal rates, could not only raise more revenue but also make the overall tax system more progressive. In addition, the state income tax base remains narrower than most other states due to its exemption of most retirement income, including public and private pensions.

Local Tax Capacity
Some areas within the region have a much larger economic base than others, which gives them a greater "tax capacity." While this should be expected to some extent in any metropolitan area, extreme divergences render many local governments helpless in terms of providing essential services and attracting new residents and businesses. Moreover, this divergence is anticipated to grow over time, as municipalities endowed with strong revenues can keep property tax rates lower while also providing quality services and infrastructure. A strong and sustainable region must address how tax policies can often hinder the future economic well-being of many of its communities.

The following section describes current conditions, explains the importance of reforming tax policies, and provides details about the recommended actions. The overall desired outcome is for state and local tax policies to serve their intended role — efficient and effective financing of public services — without impeding the overall economic competiveness of the region.

7.1 Benefits

Local tax policies address various themes from the Regional Vision, most prominently the strength of the regional economy, sustainability, equity, and intergovernmental coordination and planning. The vision states that "leaders will recognize the interdependence of our communities and will work across political boundaries to address issues facing multiple jurisdictions."

State and local tax policy exemplifies one of these issues. From a regional planning perspective, it is vital to understand the dynamics of tax policy especially in terms of their potential impacts on development decisions and regional economic productivity.

The following sections describe some benefits of addressing state and local tax policy issues.

Economic

A burdensome, complex, or unpredictable taxation system is likely to have negative economic consequences for households, businesses, and local governments. Poorly designed tax systems tend to distort residential or business location decisions, with subsequent ripple effects throughout the overall regional economy. States, metropolitan regions, and local governments can all enhance their business climates (and improve livability for residents) through predictability, transparency, and fairness in taxation. Furthermore, an overreliance on some forms of taxation — like the sales tax, which usually mirrors fluctuations in the economy more closely than the property tax — can lead to deficits and an inability to deliver key services at times when residents and businesses need those most.[1]

To keep tax rates low and economically competitive, the tax base must also be broad. A "broad tax base" is one with few exemptions or limitations among different businesses, services, or properties. GO TO 2040's tax policy recommendations would seek to broaden the tax base (for example, by applying the sales tax to some services), limit land use distortions associated with the property and sales tax, and make the system more predictable and transparent, all of which should lead to a better economic climate for residents and businesses.

1 For a more thorough description of the stability of the property tax relative to other sources like the sales tax, see David Brunori, "Local Tax Policy — A Federalist Perspective," (The Urban Institute Press, 2003).

Land Use

Local governments have a strong incentive, particularly in today's difficult fiscal climate, to orient land use planning and decision-making to maximize local tax revenues. In some other states, particularly California (which places more extreme caps on the ability of municipalities to raise local property tax revenues), the orientation of land use decisions to maximize the sales tax has been dubbed the "fiscalization of land use." This occurs when municipalities choose retail and other industries that generate local tax revenues rather than industrial or office uses that generate more jobs or grow the metropolitan economy. In northeastern Illinois, state and local sales tax revenues generated by retail land use are vital for ensuring the fiscal health of many local governments. Without harming local government abilities to raise adequate revenue, altering the dynamics of the current state/local sales tax disbursement arrangement may generate development patterns that are less distortive and more sustainable regionally.

Equity

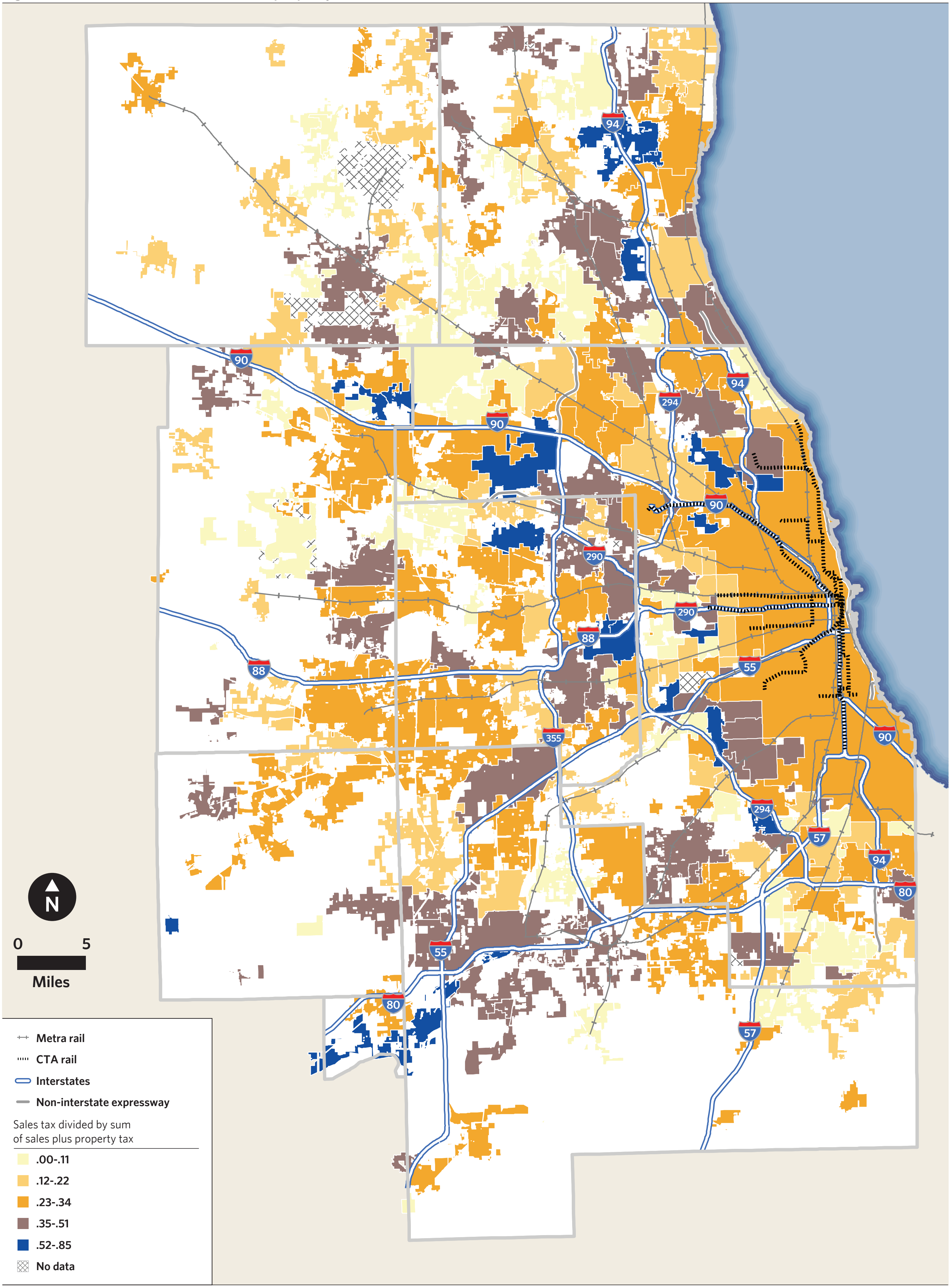
While equity can be defined in different ways, it is generally agreed that taxes and fees should strive for two different principles. The first, "horizontal equity," means that similar people and firms should share similar burdens. The second, "vertical equity," means that the tax system should be based on the entity's ability to pay. Vertical equity is consistent with a tax system that tends toward the progressive rather than the regressive. GO TO 2040's tax policy recommendations, on the whole, strive to uphold these principles. Expanding the sales tax to services, graduating the state income tax, and addressing property tax classification and exemption issues will all have a positive impact on equity. Furthermore, addressing state and local revenue sharing arrangements should not only positively impact the economy, but it should also positively impact the ability of all local governments, including those in the most economically disadvantaged parts of our region, to provide needed services.

Governance

The reliance on the property and sales tax in northeastern Illinois can set the stage for competition over development and tax revenues. Many businesses that can move relatively cheaply within the metropolitan region may do so in order to take advantage of tax differentials. This can sometimes pit one local government against another in terms of business attraction or retention efforts, and oftentimes taxpayer dollars are expended in the process, with little or no positive impact to the region's economy.[2] GO TO 2040's tax policy recommendations seek to address the degree to which tax policies incent local competition, rather than cooperation, throughout the region. In particular, reforming the current state sales tax disbursement criteria away from a sole focus on local point of sale should lessen the degree of local competition of certain types of development.

2 For more information on local tax incentives, see GO TO 2040 Economic Development Incentives Strategy Paper, 2009. See **http://www.goto2040.org/incentives/**.

Figure 41. Sales tax revenues relative to property tax revenues, 2007



This map shows municipal state & local sales tax revenues (2007) divided by the sum of sales tax and derived property tax levies (2007). Derived property tax levies include municipal plus predominate park, library, and fire districts. Darker shading indicates a higher reliance on sales tax relative to property tax. Lighter shading indicates a higher reliance on property tax.
Sources: Illinois Department of Revenue and County Clerk's Offices.

7.2 Current Conditions

In northeastern Illinois, over 1,200 units of government collect revenues and provide services to residents, businesses, and visitors. Compared to other Midwest and Northeast states, the State of Illinois and local governments remain more reliant on sales and property tax, and less reliant on the income tax.

But our region's local governments, particularly our municipalities, vary widely in terms of reliance on revenue sources. One striking variation is the reliance on state and local sales tax revenues, relative to the property tax (see **Figure 41**).

State and local tax policies in Illinois and the CMAP region often fail to satisfy the most important principles of good tax policy: efficiency, equity, and transparency. A "good" system of taxation is typically one with a broad base and low rates that do not create de facto incentives for inefficient decisions regarding the location of residential and commercial development. GO TO 2040's emphasis on the regional economy, sustainability, and intergovernmental coordination requires serious consideration of our region's particular reliance on the sales and property tax, the mechanics by which these and other taxes are administered, and other issues related to state and local revenue sharing arrangements.[3]

The following subsections describe several imperative action areas of state and local tax policy.

State and Local Revenue Sharing

In 2008, local governments in northeastern Illinois received over $4.2 billion in state revenue through various arrangements typically referred to as "state and local revenue sharing."[4] The criteria for these disbursements vary considerably across the revenue sources, as shown in **Table 4**. For instance, sales tax is allocated on the basis of local retail sales, while income tax allocations are based on population. Allocations of other revenue sources like the Motor Fuel Tax (MFT)[5] and Personal Property Replacement Tax (PPRT) rely on formulas that are complex (in the case of the MFT) or are based on antiquated metrics (in the case of the PPRT). The main policy question is whether such revenue sharing formulas promote desired regional outcomes such as economic productivity, efficient development patterns, and equity.

3 For a comprehensive survey of existing conditions, see the CMAP State and Location Taxation Snapshot, 2009. See **http://www.cmap.illinois.gov/snapshot.aspx#Tax**.

4 Illinois Department of Revenue, Monthly Detailed Disbursement Amounts. This figure does not include local option sales tax revenues, which are also collected by the state for the local governments that impose them.

5 Given its inherent connection to transportation policy, the state motor fuel tax is discussed in greater detail in the GO TO 2040 section titled "Invest Strategically in Transportation."

Table 4. Examples of state/local revenue sharing arrangements in the State of Illinois

STATE TAX SOURCE	HOW IMPOSED	LOCAL GOVERNMENTS RECEIVING DISBURSEMENT	DISBURSEMENT FORMULA	AMOUNT DISBURSED TO LOCAL GOVERNMENTS IN NORTHEASTERN ILLINOIS (2008)
Sales Tax	6.25% state rate for retail sales of general merchandise and 1% state rate for sales of qualifying food, drugs, and medical appliances.	Counties, municipalities, and the Regional Transportation Authority*	16% of the state collections from retail sales of general merchandise and 100% of the collections from sales of qualifying food, drugs, and medical appliances are returned to the municipal or county government (if unincorporated) where the sale took place. 4% of the tax collected from general merchandise sales is disbursed to county governments (except Cook County) for sales that occurred anywhere within their county boundaries. For sales made in Cook County, this 4 % share is allocated to the RTA.	$1.9 billion**
Personal Property Replacement Tax	Corporations pay 2.5% tax on income, partnerships, trusts, and S-corporations pay 1.5% tax on income, and public utilities pay 0.8% tax on invested capital. The PPRT is submitted along with state income tax payments.	All taxing units of government †	The total collections are divided into two portions. One portion (51.65%) goes to Cook County. The other portion (48.35%) goes to other counties. The Cook County portion is then distributed to the taxing districts in Cook County on the basis of each district's share of personal property tax collections for the 1976 tax year. (For example, if total taxes collected by all districts were $1 million and District A collected $35,000 of that total, District A's share of any future distributions would be 3.5%.) The downstate portion is distributed similarly, except that the collections from the 1977 tax year are used to calculate each district's share of the distribution.	$1 billion
Income Tax	Individuals, trusts, and estates: 3% of net income; Corporations: 4.8% of net income.	Counties and municipalities	One tenth of total collections minus the amount deposited in the refund fund. The amount that each municipality or county receives is based on its population in proportion to the total state population.	$792 million
Motor Fuel Tax	$0.19/gallon for gasoline and gasohol, $0.215/gallon for diesel and $0.215/gallon for combustible gases.	Counties, municipalities, townships	After a variety of deductions, 54.4% of the balance is allocated to local governments. Of this portion, 49.1% is distributed to municipalities, 16.74% to counties over 1,000,000 in population, 18.27% to counties under 1,000,000 in population, and 15.89% to townships. The municipality's share of the total MFT allocation is based on population. The county share is based on the amount of motor vehicle license fees received. The road district/township share is based on mileage of township roads. MFT funds must be used for transportation purposes.‡	$377 million
Telecommunications Tax	Imposed by local ordinance or resolution in 1/4% increments with a 6% maximum rate limit.	Municipalities	After taking a 1/2% administrative fee retained by the state treasurer, the Illinois Department of Revenue administers and disburses the full value of the tax revenue collected.	$216 million

* The RTA sales tax rate was increased 0.25 percent in Cook County and 0.50 percent in the collar counties effective April 1, 2008. The RTA receives Cook County government's portion of the disbursement share from the state. In addition, the RTA imposes additional rates in Cook County and the collar counties — but these are not part of the disbursement from the base sales tax rate of 6.25 percent.

** This figure does not include home rule/non home rule sales taxes, which are also disbursed (in full) by the IDOR to the municipalities and counties which impose them.

† The Personal Property Replacement Tax disbursement formula is extremely complex. See the Illinois Department of Revenue fact sheet on this issue at **http://www.revenue.state.il.us/LocalGovernment/Overview/HowDisbursed/replacement.htm**

‡ Eligible uses can be found in **http://www.dot.state.il.us/blr/mftbooklet.pdf**

Source: Illinois Department of Revenue — "General Overview — How Local Tax is Disbursed"

Sales Tax and the Fiscalization of Land Use

Sales tax generates just over one-third of all state revenue collections (over $10 billion was collected in FY 2008[6]). It is also the largest of the state and local revenue-sharing disbursements. The state re-allocates to a municipality one percent of retail sales within its borders, corresponding to 16 percent of the state's 6.25 percent sales tax rate. In 2008, these disbursements totaled roughly $1.1 billion for northeastern Illinois municipalities.[7]

This structure creates an incentive to attract retail land use and may lead many local governments to overemphasize retail, perhaps at the expense of other economic activities more beneficial to the region. It rewards communities that have the point of sale but not others that were involved in the economic process, because manufacturing, distribution, and corporate offices provide no sales tax revenues unless the point of sale coincides in these locations. Because the region's ability to support retail is finite, the need for this revenue may be one (though not the only) major driver of counterproductive local competition and unfocused growth in parts of the metropolitan area.[8] **Figure 42** shows the percent change in these revenues, in constant 2008 dollars, between 2003 and 2008. The map indicates a trend of high sales tax growth (shown in blue) in communities located at the outer edge of the region, while older communities experienced lower rates of growth, or in many cases, actual declines.

Table 5 shows the results of a fiscal and economic impact analysis of four different land uses. Because each would result in large-scale development with significant impacts, contrasting them can help to highlight the fiscal and economic disparities associated with current tax policies. The analysis assumes that a typical Chicago-area municipality possesses a 30 acre greenfield site with good access and visibility that could be developed under one of four scenarios:

1. **Retail power center (typically anchored by a home improvement store, warehouse club, or office supply store)**
2. **Auto dealership**
3. **Corporate office park**
4. **"Light" industrial (e.g., distribution center or manufacturing)**

The tax, jobs, wage, and other economic data used for the fiscal and economic impact analysis are specific to the metropolitan Chicago region.

"Fiscal impacts" include municipal revenues (sales, property, telecom, electricity, and natural gas taxes) and expenses (general fund, fire, police, and public safety services). "Direct impacts" are generated by the project itself (i.e., new employees hired to work at each establishment) and "indirect impacts" are caused by local economic activity triggered as the business(es) associated with the development purchase goods and services nearby. All impacts are given per acre.

Table 5. Fiscal and economic impact comparison by acre

	RETAIL POWER CENTER	AUTO DEALERSHIP	CORPORATE OFFICE	INDUSTRIAL
Fiscal Impacts				
Fiscal Revenues/Acre	$62,200 - $85,600	$92,700 - $111,400	$23,500 - $68,400	$4,500 - $6,700
Fiscal Expenses/Acre	$9,900	$3,900	$22,500	$3,500
Net Fiscal Impact/Acre	$52,300 - $75,700	$88,900 - $107,500	$1,000 - $45,900	$1,000 - $3,200
Direct Economic Impacts				
Direct FTE Jobs/Acre	16	7	61	11
Direct Wages/Acre	$573,100	$452,900	$6,873,700	$814,000
Indirect Economic Impacts				
Indirect FTE Jobs/Acre	6	4	80	17
Indirect Wages/Acre	$334,700	$231,900	$4,490,900	$1,065,700
Total Regional Output/Acre	$2,649,500	$1,736,600	$31,165,000	$7,892,400

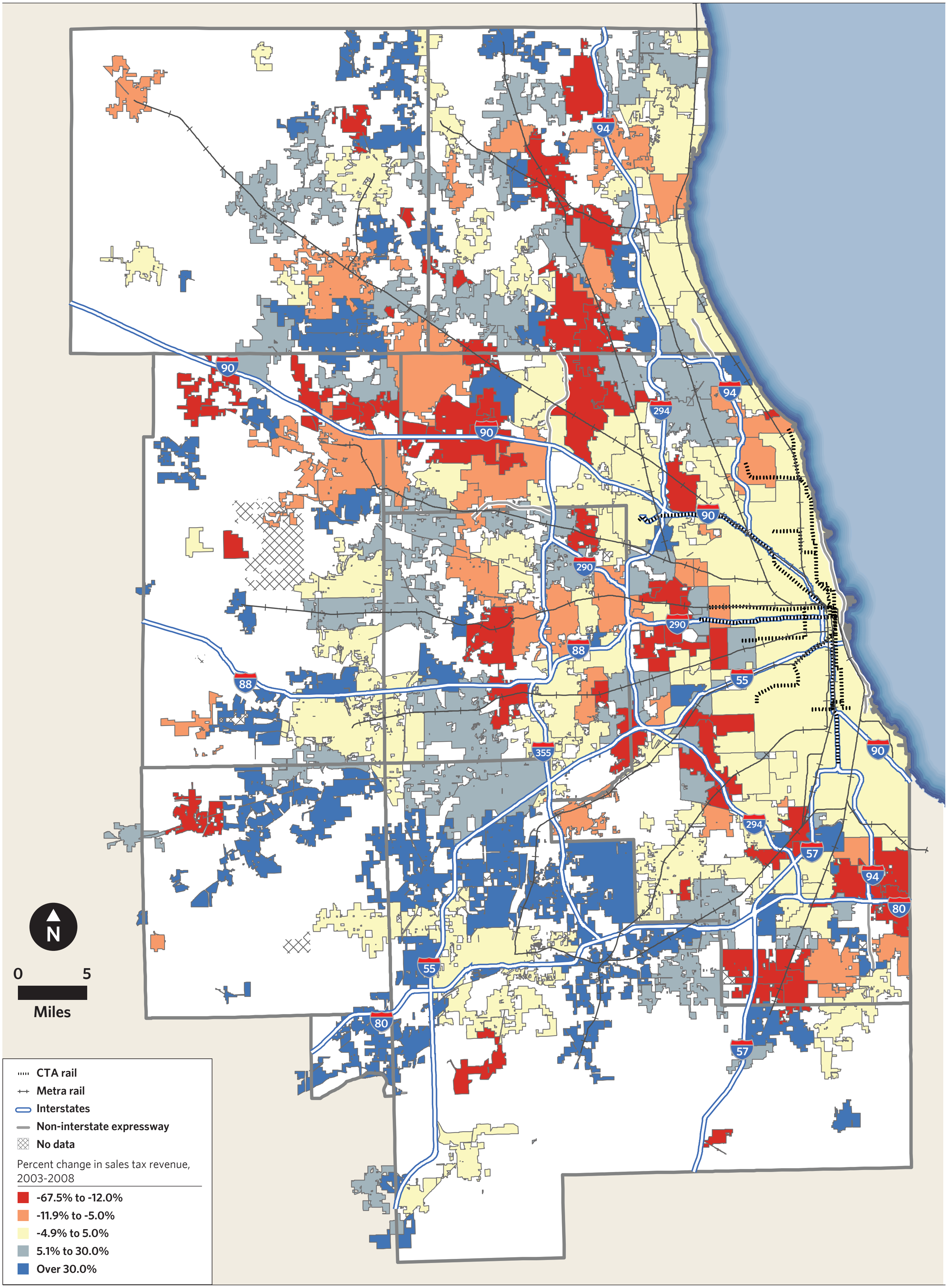
Sources: Minnesota IMPLAN Group, Bureau of Labor Statistics, and S. B. Friedman & Co. Data is specific to the suburban Chicago region and is from 2006-2009.

6 Illinois Department of Revenue, Annual Report of Collections and Distributions, 2008.

7 Illinois Department of Revenue, Monthly Detailed Disbursement Amounts.

8 See 1) Paul G. Lewis, "Retail Politics: Local Sales Taxes and the Fiscalization of Land Use," *Economic Development Quarterly*, 15 (1; 2001): 21-35; 2) Paul G. Lewis, and Elisa Barbour, "California Cities and the Local Sales Tax," (Public Policy Institute of California, 1999); 3) Robert W. Wassmer, "Fiscalization of Land Use, Urban Growth Boundaries, and Non-Central Retail Sprawl in the Western United States," *Urban Studies* 39 (8, 2002): 1307-1327; 4) Robert W. Wassmer, "The Influence of Local Urban Containment Policies and Statewide Growth Management on the Size of United States Urban Areas," *Journal of Regional Science* 46 (1, 2006): 25-65; 5) Michael C. Pagano, "City Fiscal Structures and Land Development," (Brookings Institution Center on Urban and Metropolitan Policy, 2003) ; 6) David Newell and Jennifer Robinson, "Local Economic Development: Importance of Sales Tax and Other Factors," University of Utah Center for Public Policy and Administration and the Utah Foundation, *Policy-In-Depth* paper series, number: 04-15-2008.

Figure 42. Percent change in municipal share of state sales tax revenue for CMAP municipalities, 2003-2008



This map shows the percentage change in state sales tax disbursements to municipalities. Local option sales tax revenues are not included. Measured in 2008 constant dollars.
Source: Illinois Department of Revenue

These results indicate a significant difference between the retail and auto uses, which generate high sales taxes, versus the office and industrial uses. In fact, the single most important factor driving the high net fiscal impact for retail and auto is the sales tax these uses generate. Retail and auto dealerships actually generate very little in other taxes, relative to the corporate office use (industrial generates fewer tax dollars across the board). While a retail power center and an auto dealership cluster are estimated to generate significantly more tax dollars at the municipal level, they generate jobs with lower salaries and have much lower economic output than the office and industrial options. In other words, local governments have powerful financial incentives to attract types of businesses that do not have the greatest economic contributions. These results highlight the potential for disparity between local land use decisions and regional planning for jobs and industry.

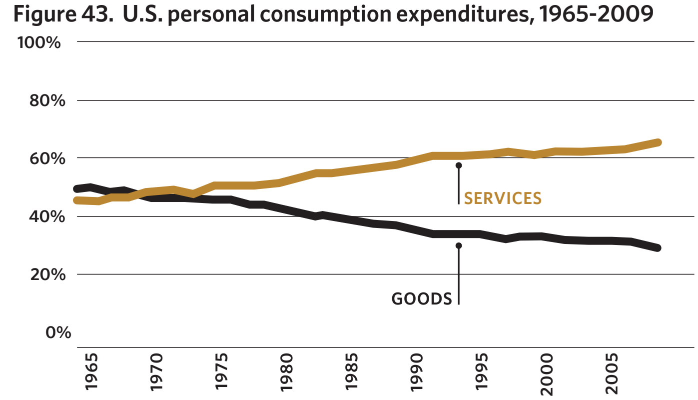
Sales Tax and the Service Sector

The service sector represents a large and growing portion of the regional economy. Today 68 percent of personal consumption expenditures consist of services, up from 48 percent nearly a half century ago.[9] Sales taxes were originally imposed by many states in the 1930s, when services accounted for only a small fraction of economic activity. As the economy has become more service-oriented over time, states like Illinois should respond accordingly by broadening the tax base to account for this changing dynamic, as shown in **Figure 43**.

The economy of Illinois has largely mirrored that of the U.S. as a whole in terms of service sector growth. Today, service sector industries make up nearly 44 percent of the total Illinois economy today, up from 30 percent in 1975. Furthermore, Illinois currently taxes only 17 services, which ranks 47th lowest in the U.S.[10] Illinois predominately taxes utilities services, but not business services, personal services, or repair and installation services, which are all taxed to a greater degree by most other states.

Extending the sales tax to more services could raise considerable revenue, or be structured to be revenue-neutral through a corresponding lowering of overall sales tax rates. Expanding the sales tax to some services could also limit the highly regressive nature of the sales tax, as lower-income people typically spend a higher percentage of their incomes on everyday necessities (which are largely goods and thus taxed) than higher-income people do. One illustrative example is household lawn care. Lawn-mowing equipment (as goods) is taxed, while lawn services and landscaping (services more likely to be hired by high income earners) are not.

Figure 43. U.S. personal consumption expenditures, 1965-2009



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Personal Consumption Expenditures by Major Type of Product.

9 Bureau of Labor Statistics, Personal Consumption Expenditures by Major Type of Product, 2009.

10 Commission on Government Forecasting and Accountability of the Illinois General Assembly, Service Taxes, 2009 Update, August 2009.

Property Tax Classification, Limitations, and Exemptions

Assuming a well-designed system, the property tax is an effective and efficient means of raising local revenues.[11] With over $18 billion in annual revenues generated, it also constitutes the largest source of funding for the local units of government in northeastern Illinois. Property tax revenues skew heavily toward the region's school districts, which collect over 60 percent of the total revenues.[12] Many municipalities, as well as most townships and other special taxing districts, are also highly reliant on the property tax. Virtues of the tax include its stability and reliability, ease of administration, and the intrinsic connection between the source of revenue (property) and what is being provided in return (public services).

However, the property tax system in northeastern Illinois can also be quite complex. In some parts of the region, and particularly in Cook County, the property tax system does not satisfy the important principles of horizontal equity, transparency, adequacy, or sustainability.

Cook County assesses commercial property at a higher percentage of market value than residential property. This "classification" differs from the collar counties, which assess both commercial and residential property at the same percentage. The main impact of this arrangement is to shift the property tax burden toward businesses in Cook County.[13] Furthermore, Cook County's Seven Percent Expanded Homeowner Exemption, which in recent years has been shown to shift the tax burden away from homeowners and toward other property owners,[14] is currently being phased out. The future ramifications of both of these policies are extremely difficult to predict and generate considerable confusion and uncertainty for many residents and businesses in Cook County.

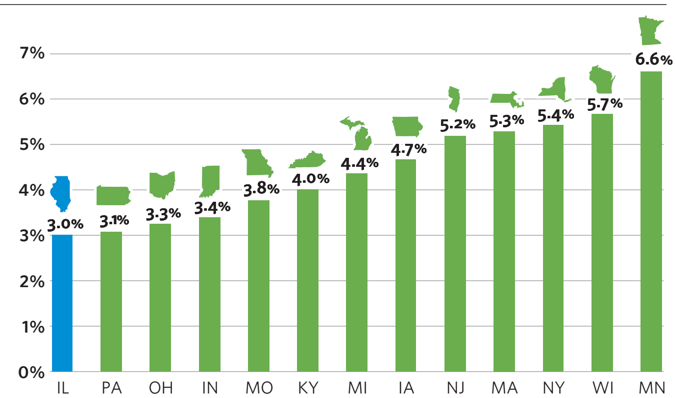
The state's Property Tax Exclusion Limitation Law (PTELL) also limits property tax extensions for most non-home rule governments, including municipalities, townships, and school districts. This is an important policy issue because the tax cap serves to constrain some local revenues but not others, which may lead local governments toward reliance on less efficient and effective revenue sources, such as the sales tax, to fund government services. Furthermore, PTELL is based on limiting exemptions to the lesser of five percent or the increase in the Consumer Price Index (CPI). In difficult economic climates with zero or negative inflation, local governments can barely raise property tax extensions at all.

State Income Tax

As the largest revenue source for the State of Illinois, income taxes generate over half of total state revenue collections — nearly $15 billion was collected in FY 2008.[15] Roughly a tenth of these collections are disbursed to counties and municipalities based on population. While the state income tax does not have the same local land use implications of the sales and property taxes, it comprises a substantial portion of the state's annual budget. Illinois has one of the lowest individual (three percent) and corporate (4.8 percent) income tax rates in the U.S. (see **Figure 44**). It also remains one of if not the least progressive income taxes in the U.S., due to its flat rate application.[16] Most states opt instead for a graduated system, which expands tax capacity with marginal rates for different brackets based on ability to pay. In Illinois, the approval of a state constitutional amendment would be required to authorize a graduated rather than flat income tax.

The state income tax base also remains narrower in Illinois relative to most other states because Illinois exempts most retirement income. While a majority of states (including Illinois) exempt Social Security income, Illinois is one of only ten states to fully exempt public pension income, and one of only three states to fully exempt private pension income.[17]

Figure 44. Individual income tax rates by state



Ohio, Missouri, Kentucky, Iowa, New Jersey, New York, Wisconsin, and Minnesota have graduated income tax rates — for the purposes of this chart, the average graduated rate is given.
Source: The Tax Foundation, "Facts and Figures Handbook — How Does Your State Compare?"

11 The property tax does have vertical equity considerations, a full examination of which is beyond the scope of this recommendation.

12 Illinois Department of Revenue, Property Tax Extensions by Type of District, 2007.

13 Civic Federation, "State of Illinois Constitutional Convention Fiscal Issues," April 10, 2008. See **http://civicfed.org/sites/default/files/civicfed_271.pdf**.

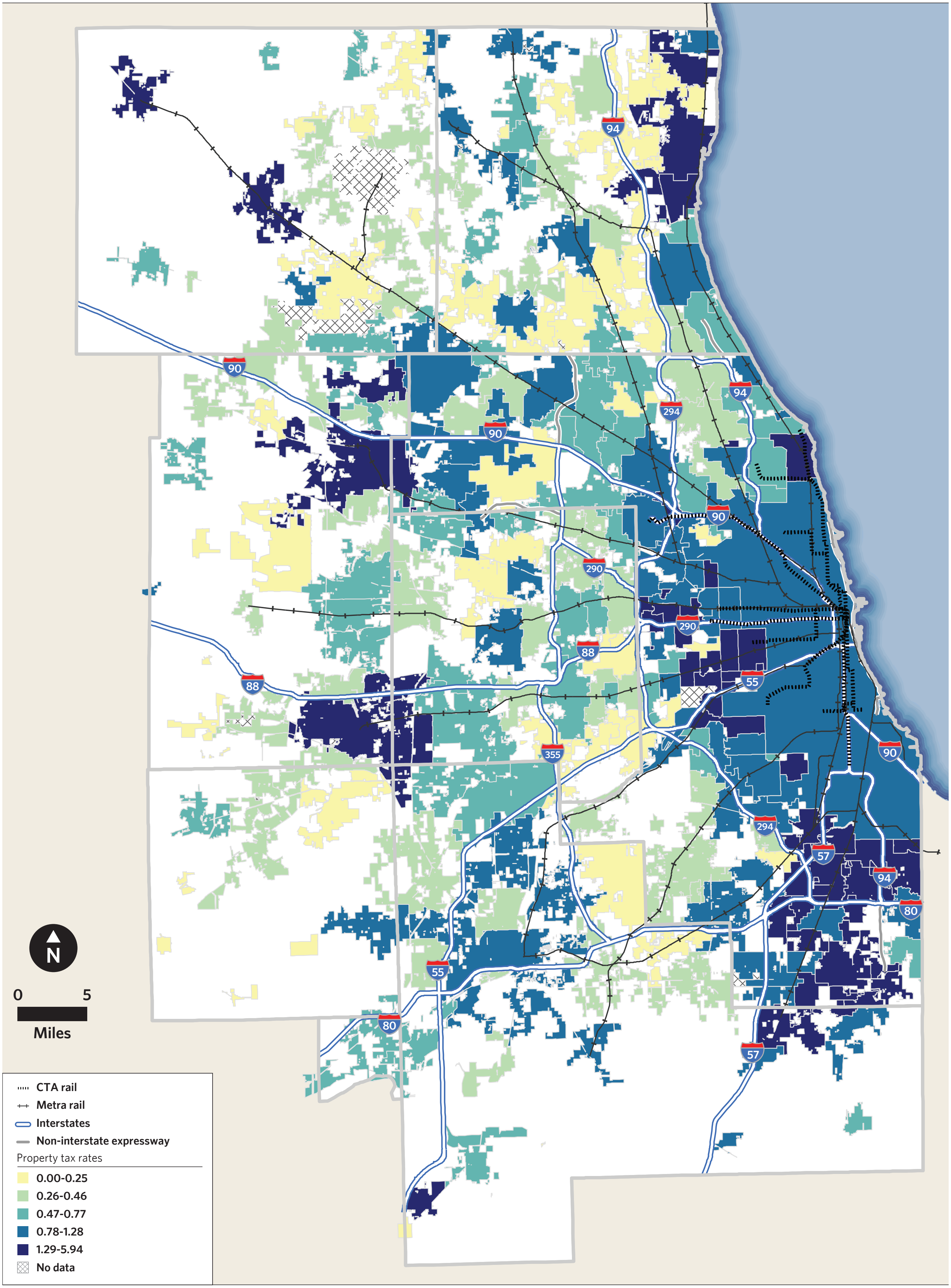
14 Civic Federation, "Effects of the 7% Cap on Property Tax Paid in Cook County: 2002-2008," March 26, 2007. See **http://bit.ly/bq6c2b**.

15 Illinois Department of Revenue, Annual Report of Collections and Distributions, 2008.

16 Institute on Taxation and Economic Policy, "Ready, Set Reform: How the Income Tax Can Help Make the Illinois Tax System Fairer and More Sustainable," May 2009.

17 The Institute for Illinois' Fiscal Sustainability at the Civic Federation, "A Fiscal Rehabilitation Plan for the State of Illinois," February 22, 2010.

Figure 45. Municipal property tax rates, 2007



Source: County Clerk's offices

Local Tax Capacity

Some areas within the region have a much greater economic base than others, hence a greater "tax capacity." While this should be expected to some extent in any metropolitan area, extreme divergences render many local governments helpless in terms of providing essential services and attracting new residents and businesses. Moreover, this divergence is anticipated to grow over time, as municipalities well endowed with strong revenues can keep property tax rates lower while also providing quality services and infrastructure, essential ingredients for attracting and retaining residents and businesses.

Figure 45 shows the wide divergence in property tax rates across the region. Many communities are able to keep property tax rates extremely low (and some do not even impose a property tax). Other communities impose much higher rates. High rates are often required to generate sufficient revenues from a base of low assessed value properties. The impacts of these inequities on school funding should not be ignored. Reliance on the property tax for school funding is related to large inequities in per-pupil spending across the region.

7.3 Indicators and Targets

The most important outcomes driving the reform of state and local tax policies should include a higher gross state and regional product, increased levels of business investment, higher paying jobs, and increased equity (both horizontal and vertical) across local governments, businesses, and households.

Unfortunately, isolating the causal impact of tax reforms upon these outcomes remains elusive. Thus, the indicators used to track progress should align more closely with metrics of "good tax practices" rather than the more important economic or equity outcomes impacted by multiple variables beyond taxation.

Suggested indicators to track progress include:

Efficiency of the Tax System
An efficient tax system minimizes economic distortions by having a broad rather than narrow, tax base. A broad tax base is one with few exemptions or limitations. The result is that similar households and businesses are taxed in similar ways. A broad tax base also allows for lower tax rates, which can enhance economic competitiveness. This metric should judge the region's success in broadening the tax base (e.g., in regards to the sales tax, number of services taxed) as well as lowering tax rates.

Equity of the Tax System
A tax system should strive for two different principles. The first, "horizontal equity," means that similar people and firms should share similar burdens. "Vertical equity" means that the tax system should be based on the entity's ability to pay. Vertical equity is consistent with a tax system that tends toward the progressive rather than the regressive. CMAP proposes measuring the regional equity of tax system in terms of local government revenues per capita. The Gini coefficient, a metric for measuring equity, can be used to quantify the equity of municipal government revenues per capita across the region.

Transparency of the Tax System
The public should have access to the most up-to-date state and local taxation and other fiscal data. The data should include revenues and expenditures by type. Data should be made available online.

7.4 Recommendations

The development of specific recommendations to address the issues of state and local tax policy should take further shape through the creation of a **Regional Tax Policy Task Force**.

This group will report to the CMAP Board and be housed at CMAP. Membership on this new group would include state and local government officials, academic experts, the business community, and other civic organizations.

The task force will exist to advise the Board and will have no statutory or independent authority. The CMAP Board will have ultimate discretion in terms of recruiting, forming, and managing this task force. The CMAP Board will also ensure that the group's research and recommendations reflect the varied challenges faced by local governments, residents, and businesses across the region. The group should conclude its work within 18 months of formation.

Broadly speaking, the task force will be charged with addressing issues central to state and local fiscal policy, viewed through the lens of the regional economy, sustainability, equity, and the connections between tax policies and development decisions. Recommendations might propose reforms to state law and/or suggest regional or subregional actions for improving the efficiency, equity, and transparency of the tax system. GO TO 2040 fully recognizes that state and local tax policy is a complex topic that requires prudence, since certain policy changes can lead to shifting burdens across residents, businesses, and governments.

The 14 members of the Regional Tax Policy Task Force should include state and local government officials, academic experts, the business community, and other civic organizations. In making its appointments, the Board should ensure that the Task Force's membership is balanced, including appropriate representation by geography, as well as representatives who understand the perspectives of both home-rule and non-home-rule governments. Its composition should be as follows, with specific membership subject to approval by the CMAP Board:

Two representatives from the State of Illinois

Four municipal representatives, including one from the City of Chicago, one from the Cook County suburbs, and two from the collar counties

Two county representatives, including one from Cook County

Two public finance policy experts from academia who have conducted scholarly research on taxation issues in northeastern Illinois

Two members from the business community to represent the private sector

Two members from local civic organizations well-equipped to research and discuss matters of state and local taxation

GO TO 2040 recommends the following topics for more thorough exploration by this group.

State and Local Revenue Sharing, with Emphasis on the Sales Tax

The Task Force should analyze the impacts of state and local revenue-sharing arrangements and recommend appropriate adjustments to the various disbursement formulas. Two overarching principles that may be used to analyze the disbursement criteria are 1) whether the formulas promote the most optimal and sustainable economic and development outcomes and 2) whether they achieve some degree of fairness across local governments. Particular attention should be paid to the criteria of local retail sales as a disbursement mechanism for the sales tax, given the likely land use implications. Further research should elucidate these impacts, as well as the regional economic and development ramifications of the sales tax disbursement formula.

Sales Tax and the Service Sector

The Task Force should analyze potential impacts of the state expanding the sales tax base to cover a number of appropriate services. Any change should be made incrementally and cautiously, so the Task Force should carefully assess the efficiency, equity, revenue potential, and administrative costs of instituting such a policy change. If administered with care, expanding the sales tax to the service sector would broaden the tax base, increase revenues, and reduce the regressive nature of the sales tax.

Property Tax: Classification, Limitations, and Exemptions

The Task Force should address Cook County's system of residential and commercial property tax assessments. This system should be simplified, and the process should be made more transparent to the taxpayer. Without sacrificing transparency, local governments across northeastern Illinois should enjoy wider latitude regarding property taxes, with fewer restrictions by the State of Illinois. Furthermore, the Task Force should consider effects of the PTELL on communities in northeastern Illinois and recommend modifications to the legislation where appropriate. Although voters can approve tax increases above PTELL, fiscal policy by means of referenda has often proved to be ineffective in other parts of the U.S.

State Income Tax

The Task Force should analyze the efficiency and equity of the state income tax. While the state's individual and corporate tax rates (3 percent and 4.8 percent, respectively) are among the lowest rates in the U.S., the more critical long term issues include the flat rate structure and narrow base of the tax. The flat rate structure imposes the same rate for all taxpayers regardless of ability to pay, and the narrow base of the tax is reflected in the exemptions granted to pensions and other retirement income. Moving toward a graduated system (with marginal rates for different tax brackets), and limiting these exemptions can improve efficiency and equity and raise more revenue without raising rates across the board. It is important to recognize that in Illinois, the approval of a state constitutional amendment would be required to authorize a graduated, rather than a flat, income tax.

Local Tax Capacity

The Task Force should analyze state and local tax policies' ramifications for equity in northeastern Illinois. It should be stressed that some of the GO TO 2040 tax-reform recommendations should improve intraregional equity by broadening the tax base and modifying certain taxes (sales and income tax) to make them more progressive in nature.

7.5 Implementation Action Areas

GO TO 2040 focuses on one major implementation area for state and local tax policy: the creation of a Regional Tax Policy Task Force that will be housed at and staffed by CMAP, answering to the CMAP Board.

The table below summarizes specific steps to be taken by this group and lists the state and local tax policy issues that CMAP considers high priorities for reform.

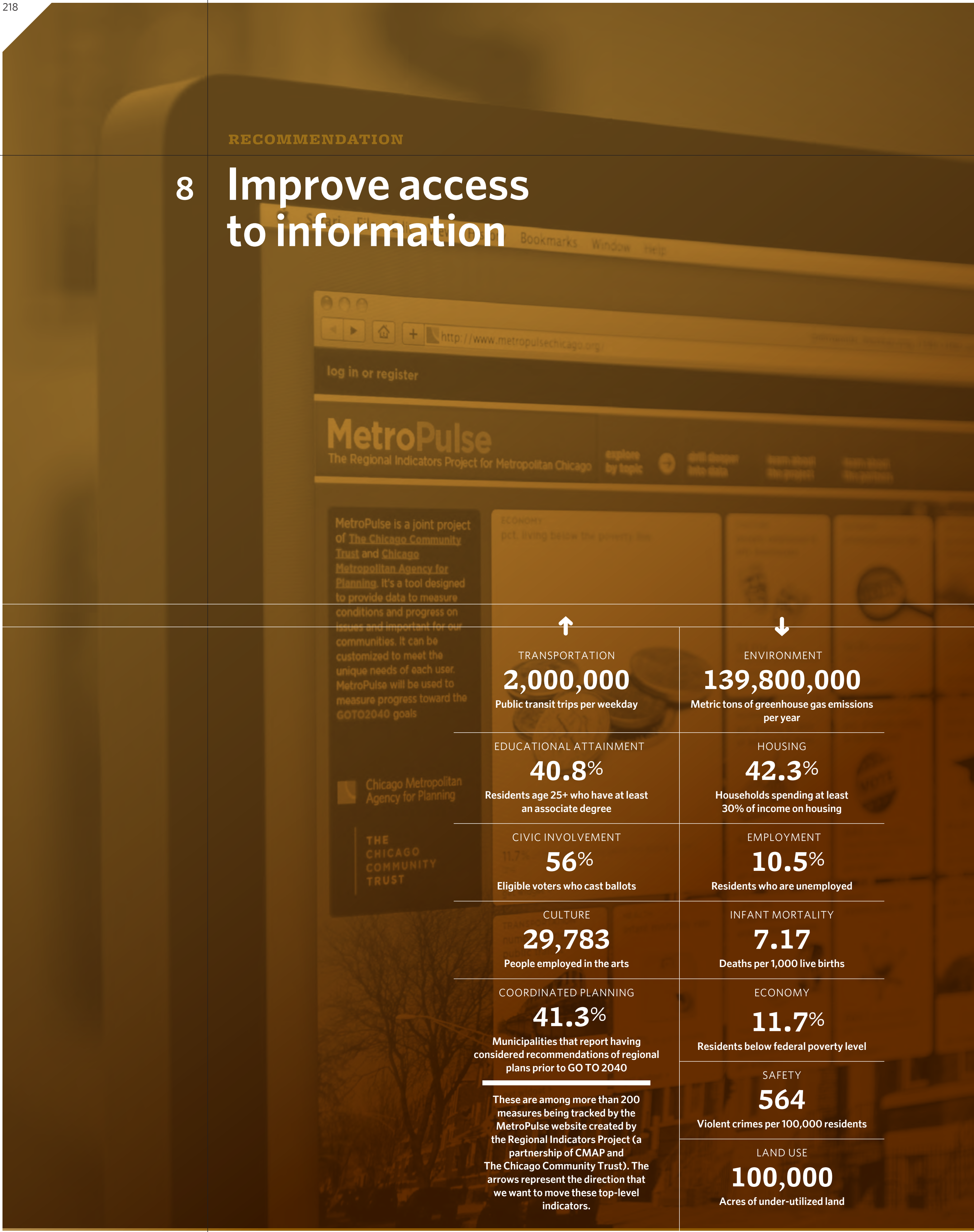
7.6 Costs and Financing

CMAP's tax policy recommendations do not focus on raising tax rates or on increasing net revenues through taxes for state and local governments.

While sustainable fiscal health and balanced public-sector budgets are crucial for attaining overall GO TO 2040 objectives, CMAP is most concerned with how the current tax system is helping or hindering economic competitiveness and equity in the region. The reforms suggested in this recommendation can be structured to be "revenue-neutral." An example of this is extending the sales tax base to some industries in the service sector. Broadening the base to services, all else equal, would increase revenue. However, rates can then be lowered to achieve a revenue-neutral outcome.

Implementation Action Areas

Create task force LEAD IMPLEMENTERS: CMAP	Membership on the task force should include local governments, academic experts, civic organizations, and the business community. The CMAP Board will have ultimate discretion in terms of recruiting, forming, and managing this group. CMAP will provide staff support to the task force and CMAP staff will lead the development of policy briefs, reports, and analysis on these matters.
Evaluate state and local revenue sharing criteria with particular emphasis on the sales tax LEAD IMPLEMENTERS: Task Force, CMAP Board, State, counties, municipalities	More than $4 billion in state tax revenue, much of which is made up of sales tax, is disbursed annually to local governments in northeastern Illinois. Evaluate state/local revenue sharing criteria including the sales tax, income tax, personal property replacement tax, and MFT. The task force should analyze the fiscal, economic, and equity impacts of altering disbursement criteria and make appropriate recommendations to the state and/or propose regional or subregional actions. The sales tax disbursement, which is based on local retail sales, should receive particular emphasis. Prepare detailed recommendation.
Evaluate property tax classification and the property tax extension limitation law LEAD IMPLEMENTERS: Task Force, CMAP Board, State, Cook County	Evaluate the property tax classification system in Cook County and propose reform, where appropriate. Special attention should be paid to impacts on businesses and households as well as residential and commercial location decisions. Evaluate the impacts of PTELL on local government revenues and services and propose reform, where appropriate. Prepare detailed recommendation.
Evaluate expanding the sales tax to the service sector LEAD IMPLEMENTERS: Task Force, CMAP Board, State	Evaluate the impacts of extending the sales tax to some services. Highlight the economic and equity impacts of extending the tax to particular services, but not others. Prepare detailed recommendation.
Evaluate the efficiency and equity of the state income tax LEAD IMPLEMENTERS: Task Force, CMAP Board, State	Evaluate the impacts of graduating the state income tax by applying marginal rates for different tax brackets. Also evaluate the relatively narrow nature of the state's income tax base, given its exemptions for retirement income, particularly public and private pensions. Prepare detailed recommendation.
Evaluate the various ramifications of local tax capacity LEAD IMPLEMENTERS: Task Force, CMAP Board, State, counties, municipalities	Evaluate the overall equity impacts of the tax system in northeastern Illinois. Recommend tax and other fiscal reforms that promise to increase equity without sacrificing regional economic productivity. Prepare detailed recommendation.



RECOMMENDATION

8 Improve access to information

TRANSPORTATION
2,000,000
Public transit trips per weekday

ENVIRONMENT
139,800,000
Metric tons of greenhouse gas emissions per year

EDUCATIONAL ATTAINMENT
40.8%
Residents age 25+ who have at least an associate degree

HOUSING
42.3%
Households spending at least 30% of income on housing

CIVIC INVOLVEMENT
56%
Eligible voters who cast ballots

EMPLOYMENT
10.5%
Residents who are unemployed

CULTURE
29,783
People employed in the arts

INFANT MORTALITY
7.17
Deaths per 1,000 live births

COORDINATED PLANNING
41.3%
Municipalities that report having considered recommendations of regional plans prior to GO TO 2040

ECONOMY
11.7%
Residents below federal poverty level

SAFETY
564
Violent crimes per 100,000 residents

LAND USE
100,000
Acres of under-utilized land

These are among more than 200 measures being tracked by the MetroPulse website created by the Regional Indicators Project (a partnership of CMAP and The Chicago Community Trust). The arrows represent the direction that we want to move these top-level indicators.

Communities across our region and the world become more interconnected with each passing day. Access to business transactions, travel options and directions, traffic reports, and weather forecasts that once may have required hours of research can now be accomplished with a few keystrokes. And just around the corner is some as-yet unknown invention to make these tasks even easier.

The public is demanding access to information at an increasing rate to know their options and to make better informed personal decisions. They are also making these demands of their government. Residents have a strong need for greater governmental transparency based on their right to see how tax dollars are spent, how government operates, and how decisions affecting their lives are made. Accessible public information also spurs economic competitiveness and innovation within the private sector. And, it is also necessary for measuring progress towards implementation of GO TO 2040.

For these reasons and more, information sharing is a core function of CMAP, which since its inception has been committed to providing high-quality information and analysis to facilitate regional decision making. Now the agency is prepared to lead by more than example by providing technical assistance for government units and other organizations across the seven counties to openly share their data with each other and with the public.

Data sharing should enable easy access to real-time, up-to-date public information, defined as any government data that does not jeopardize personal privacy or public safety, for example, construction permits or zoning ordinances. CMAP is committed to leading this regional effort based on the principle that governments operate most effectively when they have and provide access to complete, accurate, and timely information. This principle relies on three facts:

The public is best-served when government information is freely accessible to all.

Every action or decision by a government entity should be based on high-quality information so that costs, benefits, and alternatives can be quickly and accurately evaluated.

Coordination of policies and operations across jurisdictions depends on the open sharing of information between public entities.

Policy challenges cannot be solved — and efficient government operations cannot be achieved — without comprehensive, current, and accurate data resources. Most issues in today's policy and planning environment are fundamentally data-driven and cross-jurisdictional, so understanding them requires a robust sharing of information. Despite legitimate concerns about cost, staff capacity, liability, privacy, and security, local governments have strong incentives to increase the availability of their data. The expense is much less than the costs associated with inefficiency and ineffectiveness of efforts to retrieve data that is not readily accessible.

To bring about a new regionwide commitment to improving access to public-sector information, CMAP makes the following recommendations:

Develop a regional web portal
The Regional Indicators Project's new MetroPulse website (**www.metropulsechicago.org**), a collaboration of CMAP and the Chicago Community Trust, will be a hub for data about the region. This portal will allow public officials, business people, and residents to get the best available real-time regional and local data — and to measure progress — across more than 200 quality-of-life variables addressed by GO TO 2040. The site's launch will coincide with the start of the GO TO 2040 plan's implementation.

Define best practices for data sharing
By understanding how communities here and across the world address similar data challenges, our state and region can put these best practices to work for residents. CMAP will work with the State of Illinois, counties, municipalities, and other governmental bodies that possess data to implement technical improvements that facilitate open exchange of data.

Provide technical assistance to local governments and other pilot projects
CMAP will help local governments to post data online and host a regional online warehouse providing access to municipalities' information as an expansion of the Regional Indicators Project.

The remainder of this section has details about these and other information-sharing recommendations involving CMAP and many partners across the region. The section describes the benefits of improving information access, looks at current conditions (including inefficiencies and barriers), examines indicators and targets, summarizes a number of important implementation areas, and briefly considers costs and financing related to improving access to information.

8.1 Benefits

Governance

Elected officials need information to make informed decisions, and access to relevant data is fundamental to this process.

When information is not shared, governments spend time and money finding it (often buying it) from other sources — or they simply operate without the data, often yielding poor results. On a larger scale, by improving access to information through data sharing, each unit of government will achieve efficiencies by leveraging the good work that others have done, reducing costs, and freeing up resources that will then be available for other purposes.

Transparency is essential to good governance and public accountability. The current lack of transparency and accountability contributes to public cynicism about government in general, which is magnified significantly when corruption becomes a factor. This is reflected in low voter turnout, decreased civic involvement, and growing mistrust of government here and elsewhere in the U.S. One key to turning this distrust around is to make public information easily available, giving elected officials access to data resources for decision-making, and helping residents to see how those decisions are being made. Increased transparency also creates a participatory environment in which residents can regularly interact with units of government.

Like the region as a whole, CMAP depends on access to information. The agency needs better data — often at a high level of detail across geographies and time periods both large and small. Continual improvement in the quality and timeliness of data is necessary for CMAP to properly plan comprehensively by understanding the dynamic, interconnected factors of jobs, housing, water supply, human services, and many other policy issues.

Economic

Providing access to information is a fundamental part of creating a supportive business environment and can lead to a stronger economy, better business decision-making, and opportunities for innovation. Through GO TO 2040, CMAP is seeking to support economic growth and innovation, and one of the methods identified to achieve this is to promote data sharing. Businesses and individuals today are accustomed to basing their decisions on easily accessible information resources. With their enormous information resources, units of government can play a special role in providing crucial data for economic decision-making by individuals and businesses. While public information should be available free of charge, governments must act as wholesalers of data sources, not retailers. This means providing data resources across a broad range of topics so that consumers are free to pick and choose the data that best suits their specific needs. Examples include location decisions (where to live or open a business), transportation decisions (how and where to travel), educational decisions (where and how to access training and education), and human services access. Governments may not get directly involved in such choices, but they can provide information that is absolutely essential to businesses and individuals making the decisions.

Public information systems help to power economic growth. As metropolitan Chicago competes with other global centers of commerce, our region should follow examples being set by our most innovative peers. Open government and shared data resources are becoming the norm in many metropolitan regions across the U.S. Because modern society and the economy are increasingly driven by digital information, we can ill-afford to lag behind as an information-driven global center.

Such a commitment to data sharing can make economic development opportunities easier and more transparent. For example, when the Boeing Corporation sought a new location for its world headquarters in 2001, detailed public information about local markets and amenities was gathered by the public-private partnership (PPP) that submitted Chicago's successful bid package to Boeing. Chicago's growing reputation as a leader in technology and innovation played an important role in the selection process as well.

The private sector can take advantage of government data by developing innovative applications that better utilize and package this public information. For example, Chicago's own EveryBlock.com (recently acquired by MSNBC) has blazed an innovative and influential trail by making detailed municipal data available to millions of people in metropolitan regions across the country. And the Chicago Transit Authority (CTA) has partnered with Google to help establish a new standard for mapping transit routes, a model since adopted in many other cities.

Our seven-county region has the potential to stay at the forefront of information technology by pooling public and private data resources to create advanced information systems. Metropolitan Chicago's prominent position as a hub for transportation, communications, and tourism ensures that skilled individuals from all over the world pass through or otherwise experience greater Chicago — and many of them settle here, to the benefit of our collective capacity for innovation. Private sector assets in our region include technology corporations and startups. The region is home to many universities and two national laboratories that are world leaders in technology research, development, education, and dissemination. Our philanthropic and nonprofit communities show a keen interest in modern technologies, such as the CityForward urban data analysis initiative led by IBM's Chicago office, whose goal is to help urban areas gain a deeper understanding of the major issues that face them.

These and many other examples show the power of combining public data with private innovation. In each case, access to data sources was more difficult and time-consuming than it would have been if facilitating access to public information had been a high priority of government. Reducing the transaction costs associated with government information would increase the return on society's investments in government information systems.

Tracking Progress

Data sharing is indispensible for quantifying progress and for effective decision-making because every important policy issue transcends local borders and affects everyone in the seven-county region. Tracking performance and making adjustments to reach the region's desired future is critical to the implementation of GO TO 2040. The Regional Indicators Project creates metrics for measuring economic, environmental, social, and cultural variables that are essential for sustainable prosperity. This GO TO 2040 project is a collaboration of CMAP and the Chicago Community Trust, which together have invested over $1.5 million to develop a data warehouse and visualization tools that will improve understanding of how investment decisions affect the region, even down to the very local geographic scale.

The indicators are important for CMAP's efforts to develop and evaluate strategies for implementing GO TO 2040. As such, indicators are divided into the major themes identified in the Regional Vision, with equity, sustainability, and innovation woven throughout Starting in November 2010, the Regional Indicators Project's MetroPulse website will let users track progress as measured by more than 200 indicators across different times and regional geographies. Because the project relies on a shared pool of current, accurate data, the region's success at achieving its goals will rely on the availability of a broad spectrum of public data. The site's launch will coincide with the start of the GO TO 2040 plan's implementation.

8.2 Current Conditions

A few public agencies in our region have responded to the prevailing trend towards providing access to information through data sharing by releasing more data and documents.

But a vast amount of local government information remains publicly unavailable and will grow larger as new technologies enable more extensive data gathering by government agencies. Moreover, the costs associated with data management as currently practiced — with each local government processing data in isolation, often duplicating the efforts of its peers— are needlessly high.

Residents, businesses, and institutions in our communities will increasingly expect governments to provide up-to-date information, which is not possible without regional coordination of data assets. Today's businesses and residents enjoy high-quality online information systems for banking, retail, travel, medicine, and a startling variety of other human activities. Governments are expected to provide comparable levels of service, which requires open information systems across departmental and jurisdictional boundaries. This subsection of the GO TO 2040 plan describes a number of current inefficiencies and some barriers that should be addressed to create open data sharing.

Inefficiencies

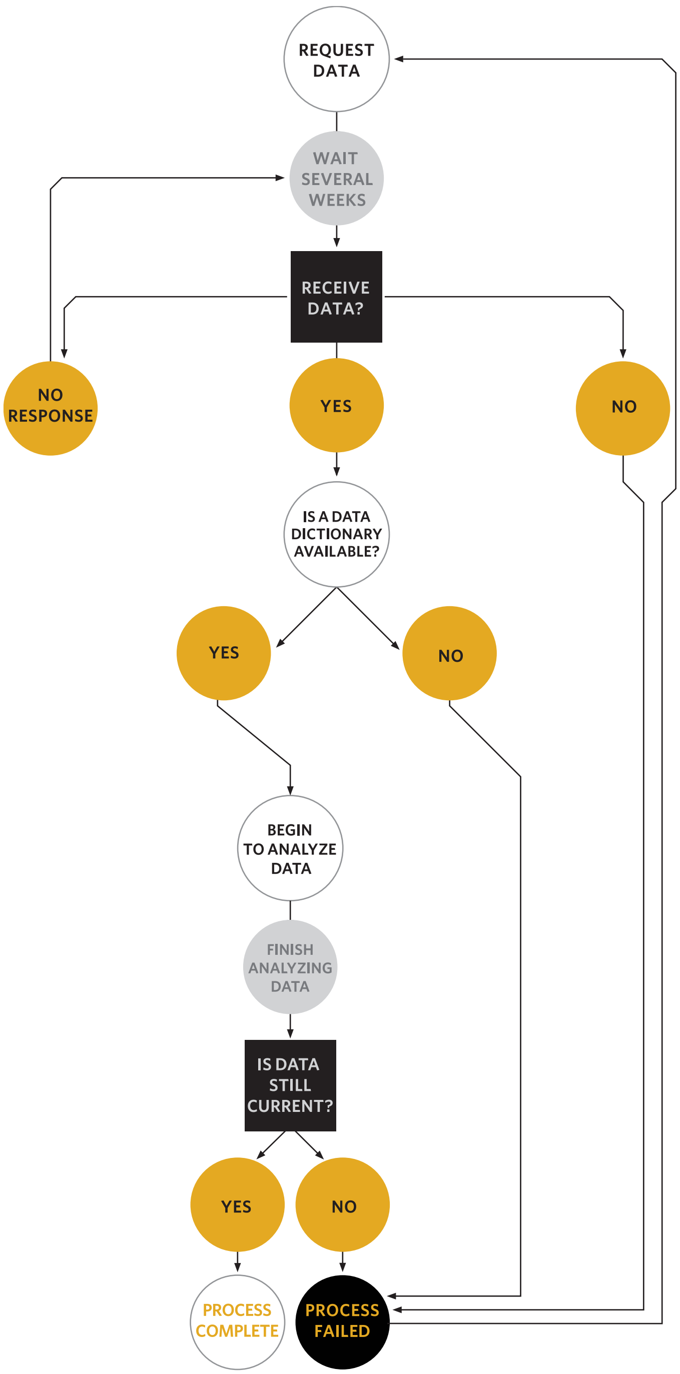
At present, gathering public data is time-consuming and inefficient. Here is a step-by-step example that is all-too-common among governments:

1. **One government agency or institution (the "requesting agency") asks for data from another (the "providing agency").**
2. **The request may be issued multiple times and may take many weeks to get a response. Sometimes the providing agency's response is negative (e.g., the data isn't available, or the point of contact doesn't know who has it). Sometimes there is no response.**
3. **Once acquired, the data must be processed by the requesting agency, which requires expertise that is in short supply at many local governments.**
4. **Processing the information requires a data dictionary that may or may not have been available from the providing agency.**
5. **By the time processing is complete, the data may be out of date, and so the next request cycle begins.**
6. **Meanwhile, other requesting agencies are seeking the same data and investing their scarce resources in processing that data — an ongoing duplication of effort.**
7. **Multiple agencies may process the data differently, creating the possibility of discrepancies.**
8. **Back at the providing agency, data requests are received over and over again, which consumes valuable staff time and stretches the already overburdened pool of technically skilled people.**

Inefficiencies inherent in this current practice reappear each time an important policy or planning decision is made. And this can happen over and over. For individual residents and businesses, the result is often a loss of confidence and a sense of cynicism or even suspicion about government capabilities and motives. Answers to simple questions (what day the garbage is collected) or more complex ones (precisely how are tax dollars being spent) need to be transparent and easily accessible. In this age of technology, requiring residents and businesses to make repeated phone calls in tracking down information is inefficient, unnecessary, and harmful to those governments and the communities they serve.

Figure 46. Step-by-step example of gathering public data

At present, gathering public data is time-consuming and inefficient.



Source: Chicago Metropolitan Agency for Planning, 2010

Promising Trends

Data sharing and transparency (open data, documents, and communications) are gaining strength locally and nationally. This is an important foundation of experience on which our region must build. Meanwhile, new legal and administrative frameworks in Illinois and nationally have made government data sharing an important issue to address proactively, because it may be mandated in the future.

Several cities and regions across the U.S. have adopted sweeping open data policies, bringing new efficiencies to government operations, improving public satisfaction, and raising expectations for other state and local governments to adopt similar policies. Our seven-county region can learn from experiences of communities and regions elsewhere. Washington, D.C., and Baltimore established ambitious standards almost a decade ago, and other cities such as New York and San Francisco have followed suit. Some states, notably Utah and Massachusetts, have also implemented open data programs. These efforts and others have been accelerated by the increasing momentum of open standards (i.e., non-proprietary tools) for facilitating access to data.

The federal government adopted transparency as a comprehensive guiding policy following President Obama's Open Government Directive in January 2009. All federal executive departments and agencies were instructed to post their data online in formats that can be retrieved, indexed, and searched by commonly used web applications. More important for local governments were the reporting guidelines attached to federal American Recovery and Reinvestment Act of 2009 (ARRA) funds, which essentially mandated transparency regarding these expenditures. And it is likely that federal requirements for public data reporting will increase over the coming years.

In January 2010 the State of Illinois adopted a revised Freedom of Information Act (FOIA), which puts heightened responsibility on all public agencies to make their information available. Public institutions in Illinois are now required to respond in a timely way to information requests, or risk intervention by the Illinois Attorney General. This legal shift makes it even more advantageous for units of local government to proactively post their data in an Internet-accessible format.

Barriers

Often there are valid reasons that certain government data is not easily available. Reluctance to provide data does not necessarily represent recalcitrance on the part of local governments, but rather reflects concerns about cost, staff capacity, liability, privacy, and even public safety. These concerns are not unfounded, but their causes can be overcome in most cases by following standard practices. The following are some perceived barriers to providing open information access.

- **Many local governments are not equipped to quickly and accurately retrieve their administrative and operational data upon demand.**
- **Potential inaccuracies in the data might lead constituents to make faulty decisions or reach unfounded conclusions.**
- **The cost of procuring and maintaining robust data systems can be very high.**
- **Staff reductions and attrition sometimes cause local governments to lose expertise and institutional knowledge about their own data resources.**
- **Release of personally identifiable data can violate privacy in some cases.**
- **Release of data about critical infrastructure can increase vulnerabilities to vandalism or terrorism.**

The GO TO 2040 recommendations for improving access to information are intended to address and overcome these inefficiencies and barriers.

8.3 Indicators and Targets

Already, some local governments have posted useful data sets online, while others have provided raw data directly to CMAP and other stakeholders.

This trend should accelerate as the federal government ratchets up its requirements for open data reporting.

CMAP will measure the success of efforts at data sharing and transparency by tracking two data sets that should be made available by municipalities:

- **Construction permits**
- **Zoning ordinances (including maps)**

Initially, it should focus on making those data sets accessible online by targeting and working with large municipalities within the region (greater than 40,000 population).

The region's goal should be, within a decade, for all relevant data that does not jeopardize personal privacy or public safety to be available from every government entity and every publicly funded institution in the region. Each year should bring new data sets into the pool of available resources. Our goal should be to increase the number of high-quality public data sets made available each year by at least 10 percent.

8.4 Recommendations

Upon its creation, CMAP committed in its 2006 Strategic Report to providing high-quality information and analysis through coordinated technical assistance to facilitate regional decision making.

Long responsible for maintaining and providing access to the region's comprehensive inventory of information on land use, transportation, and environmental analysis, the regional planning agency is seeking to enhance this information and to serve as the definitive source for federal, state, and local planning databases and other public information.

To lead the region's data sharing efforts, CMAP will provide technical assistance for government units and other organizations across the seven counties to openly share their data with each other and with the public. By maintaining the Regional Indicators Project's MetroPulse website, defining best practices, and implementing technical assistance, the agency is committed to providing the latest, most-thorough information to the public and decision makers across the region.

CMAP's web-based data activities must focus on two areas: 1) Acquiring useful raw data (i.e., inputs); and 2) Providing useful data products (i.e., outputs).

The agency will aggressively acquire the data needed to build state-of-the-art data systems. By providing tangible data products to the region, CMAP will give government units and other partners a strong incentive to provide their best, most current data to CMAP. As these data products emerge, the agency will encourage willing local government entities and others to participate in pilot projects. With these factors in mind, the following are the recommendations for implementation of data sharing.

Develop a Regional Web Portal

CMAP will implement the Regional Indicators Project, which will make important data sets available on the Internet and serve as an online hub for data about the region, similar to the federal website at **http://data.gov**. CMAP has already acquired, cleaned, and uploaded more than 650 tables that describe the over 200 tracking indicators that will be available on the Regional Indicators Project's MetroPulse website. Following the launch of this site, CMAP will continue to acquire new data sets and integrate local data with state and federal data as seamlessly as possible in a regional online data warehouse, so that data about issues — transportation, housing, and natural resources, for example — can be accessed for varying geographic levels. This commitment will add value to planning, analysis, and governance activities in our region.

Define Best Practices for Data Sharing

CMAP will define best practices for transparency and data sharing for the region's units of government based on an assessment of best practices from other regions and input from the State of Illinois, counties, municipalities, and other governmental bodies that possess data, such as transportation agencies. The best practices will look to define the "who, what, where, and how" of data sharing and include more technical information, especially with regard to how data is shared. To define these, CMAP will participate in (and convene when appropriate) regional discussions about data sharing protocols and procedures.

Provide Technical Assistance to Local Governments and Other Pilot Projects

CMAP will provide technical assistance to local governments wishing to post data online and host a regional online data warehouse to provide access to this information. The online warehouse will be an expansion of the Regional Indicators Project. In addition to local governments, CMAP will also seek opportunities to form partnerships around data-sharing pilot projects with other interested regional partners, such as transportation agencies, workforce development agencies, and municipal water suppliers in order to make this data more accessible.

In addition to what is described above, CMAP will actively work with all willing units of government to promote data sharing and transparency with the goal of making all relevant administrative and operational data available to the public via the Internet, excluding data that compromises confidentiality or public safety. The State of Illinois should commit to adopting similar protocols as the federal government has in terms of data sharing and transparency. Federal and state governments should also require comprehensive, detailed reporting as a condition of federal and state funding programs.

Finally, CMAP will maintain a catalog of data sets provided by selected public entities and will evaluate our progress on a regular basis to determine effectiveness and identify possible alternatives. This last point is especially important since this recommendation is largely contingent on oftentimes rapidly changing technology, so a commitment to regular evaluation is a key to its success.

8.5 Implementation Action Areas

The following tables are a guide to specific actions that need to be taken to implement GO TO 2040. The plan focuses on three implementation areas for improving access to information:

Launch the Regional Indicators Project's MetroPulse Website

Develop Regional Best Practices

Provide Direct Technical Assistance and Conduct Data Sharing Pilot Programs

Implementation Action Area #1: Launch the Regional Indicators Project's MetroPulse Website

Launch the Regional Indicators Project's MetroPulse website LEAD IMPLEMENTERS: CMAP, the Chicago Community Trust	In collaboration with the Trust, CMAP will roll out a website that describes the tracking indicators. The website will also allow users to tabulate, graph or map this information. It will also allow users to save visualizations on a free account for instant recall.
Continually improve the usability of the Regional Indicators Project's MetroPulse website LEAD IMPLEMENTERS: CMAP, the Chicago Community Trust	A MetroPulse iPhone application will be made available to the public free-of-charge. It will enable users to choose either a) one county or municipality and compare up to seven indicators datasets that describe that geography; or b) one indicator and compare up to seven counties or municipalities. It will also enable users to save these visualizations to their MetroPulse website account.
Train stakeholder groups in the use of the MetroPulse website LEAD IMPLEMENTERS: CMAP	CMAP will develop dual training/focus group sessions to help maximize the utility of the existing website for target user groups (i.e., municipal staff, community organizations, researchers, etc.). Information from focus group discussions will identify the level at which information is accessed, how data informs policy decisions, what are the most common barriers to sharing data, what datasets are in highest demand and how should data be visualized to make the greatest impact.
Prepare biennial Regional Indicators Project reports LEAD IMPLEMENTERS: CMAP, the Chicago Community Trust	Every two years, produce a report that summarizes the current state of the indicators. Produce the first "baseline" report in 2010, concurrent with the release of GO TO 2040.

Implementation Action Area #2: Develop Regional Best Practices

Increase the number of datasets shared by governments in the region with the public LEAD IMPLEMENTERS: CMAP	Develop a data warehouse with architecture flexible enough to store any new dataset that may arise in the foreseeable future. This warehouse should accommodate all types of geographies and all possible frequencies of update.
Enhance the region's data warehouse LEAD IMPLEMENTERS: CMAP	Continue to maintain, update and expand the region's data warehouse. Moving forward, this will include transitioning from a storage to an archival function. This includes integrating local data with federal and state data and creating live links to data providers similar to **http://data.gov**.
Define best practices for regional data sharing and transparency LEAD IMPLEMENTERS: CMAP	Convene a working group of willing governmental and nonprofit data providers (including the state, counties, and regional entities) to lead the development of policy briefs, reports and analyses based on a continuous assessment of existing conditions in our own region and in comparison with best practices identified across regions. Among other things, these deliverables will include technical documentation on server-to-server linkages, machine-readable formats, open APIs (application programming interfaces) and metadata.

Implementation Action Area #3: Provide Direct Technical Assistance and Conduct Data Sharing Pilot Programs

Develop and distribute data visualization tools to better inform decision making LEAD IMPLEMENTERS: CMAP	Expand and improve CMAP's data APIs so that partners can easily tap into the CMAP database using server-to-server links.
Develop pilot programs LEAD IMPLEMENTERS: CMAP	Conduct a pilot program to provide comprehensive technical assistance to one department from each of the following government entities: the state, one county, one municipality, and one regional transportation agency. Depending on the skill, technical capacity and organization of each entity's archive, these tasks will include data entry, data cleaning, development of data architecture, posting data online, development of server-to-server linkages and development of open APIs. This should be expanded to other willing partners who wish to participate.
Commit to increasing access to information through data sharing and transparency LEAD IMPLEMENTERS: State (various agencies), counties, municipalities	Post all administrative data online in either database or spreadsheet file formats.
Creating a mechanism to facilitate data sharing LEAD IMPLEMENTERS: CMAP	Create a data portal for every county and municipality in the region, based on the Regional Indicators Project engine. The Regional Indicators Project system is very powerful, but it focuses on regional, not municipal data. Moreover, the indicators data sets are limited to the 200+ indicators selected by CMAP working committees and advisory councils organized by the Chicago Community Trust. This additional functionality will also allow them to upload their datasets to our website, and see these data sets appear in their data portal.
Increasing the accessibility of data and encouraging innovation LEAD IMPLEMENTERS: CMAP	As mobile devices become more prevalent, continue on the path of tooling our data engine to support mobile applications.

8.6 Costs and Financing

Implementing data sharing will require significant investments for technical assistance and for re-tooling existing information systems.

These investments should be understood in the context of the ongoing upgrades that government entities routinely make, regardless of data sharing efforts. In other words, routine data system upgrades should always be viewed as opportunities to implement transparent data practices. In this way, costs would be incremental rather than abrupt.

Up-front investments would be needed for three of the implementation steps described above:

Create a regional web-based data warehouse and search engine similar to data.gov.

Provide technical assistance to local governments.

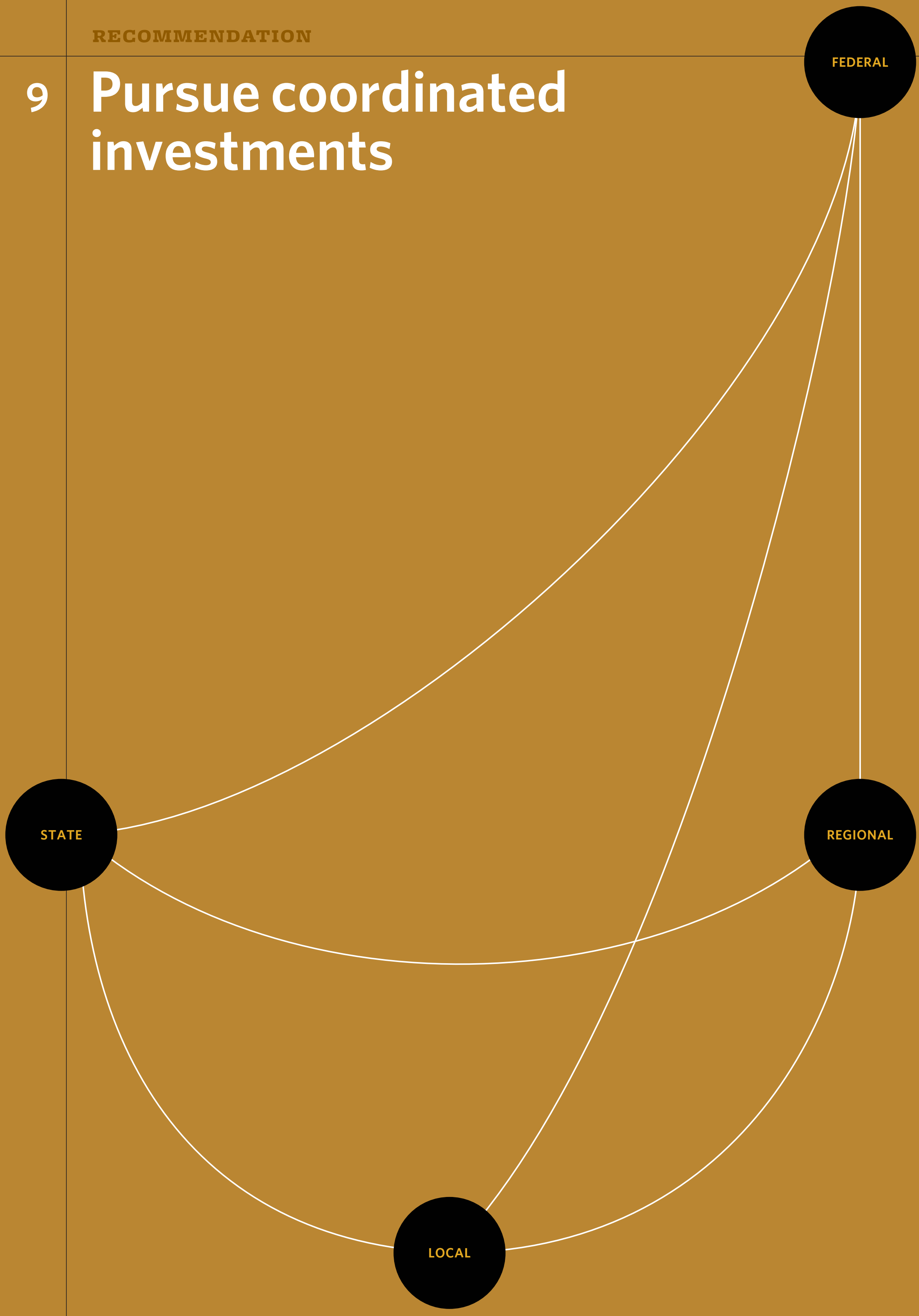
Conduct pilot projects for data sharing.

These initiatives might require investments in the hundreds of thousands of dollars. Costs should be set against the current cost of duplicative data processing, laborious exchange procedures, and operating with substandard data.

Financing for these activities should be built into CMAP's core operating budgets, and should include a meaningful investment in pass-through funds for partners in the selected pilot projects. Funding sources might include federal, state, and philanthropic contributions.

RECOMMENDATION

9 Pursue coordinated investments



GO TO 2040 emphasizes effective, collaborative approaches to common problems. With a region as large and diverse as northeastern Illinois, implementation of the plan's recommendations will require that leaders recognize the interdependence of our communities and work across political boundaries to address issues facing multiple jurisdictions.

If GO TO 2040 is to serve as a sustainable roadmap for the region's future, this will require changing the way in which major investment decisions are currently made. Many of our most pressing problems — in the areas of transportation, housing, climate change, economic vitality, and environmental quality — cannot be solved solely by the actions of any single level of government. These types of issues truly transcend individual government agencies and cross jurisdictional borders, and their solutions demand coordinated investment by all levels of government.

All the recommendations in previous chapters of GO TO 2040 require a more coordinated approach by various levels of government for service delivery, funding allocations, programmatic and regulatory authority, and increased efficiencies. This section should be viewed as the culmination of previous sections and an integral method to achieve the successful implementation of the plan's recommendations through better coordinated investment and more efficient government.

To effectively implement GO TO 2040 through coordinated investment, the following actions are recommended:

Take a Regional Approach
Metropolitan regions drive the U.S. economy, and this should be reflected in federal and state policy and programs. Comprehensive regional plans, like GO TO 2040, should guide investment decisions by identifying regional priorities and defining outcome-based performance measures.

Reform State and Federal Policies and Programs
GO TO 2040 makes the connections among policy areas that had previously been compartmentalized. To realize these plans, existing barriers among federal and state agency goals need to be removed and planning and grant requirements need to be revised to achieve comprehensive solutions to problems.

Increase Coordination or Consolidation of Local Services
At the local government level, pursue efficiencies through increased coordination, communication, and where appropriate, service consolidation.

9.1 Benefits

A Regional Approach

Metropolitan regions drive the economy of the United States. They are home to 80 percent of the nation's population, and they generate 85 percent of the gross domestic product (GDP). The geography of our metropolitan area best reflects economic life.

While our region remains a place of great diversity, it also lives and breathes as a single unit, brought together by the transportation system, a vast network of open space, water resources, shopping, cultural activities, and sports teams. Our residents certainly retain strong allegiances to their state as well as to their local communities, but in practice people increasingly live their lives on the metropolitan scale. An increasingly "regional approach" to investment decisions, which would both invest more in metropolitan areas as well as devolve more appropriate authority for funding decisions to the regional level, harnesses the economic power of regions.

To date, state and federal policy has not adequately reflected this metropolitan reality. Programs aimed at metropolitan areas often lack a consistent vision or a coordinated strategy. For example, federal transportation and housing resources are allocated to different state, regional, or local agencies that use different criteria that result in different — often conflicting — patterns of investment. Furthermore, as the region plans comprehensively to accommodate population growth, we lack the resources for implementing the integrated strategies, no matter how well-planned. By thinking and acting in a more regional context, the state and federal government must base its policy prescriptions, investment strategies, and decision making upon this reality.

Targeting more investment toward metropolitan areas like northeastern Illinois will increase economic prosperity, not only for our region, but for our state and nation. The Chicago region, home to roughly two-thirds of the Illinois population, contributes over 70 percent of the gross state product. And northeastern Illinois drives not only the economy of our state, but also the larger Midwestern economy. The future prospects of the entire Great Lakes region will be strongly impacted by the prosperity of northeastern Illinois.

Guiding Investment Decisions

GO TO 2040 is the region's long-range comprehensive plan to link transportation, land use, the natural environment, economic prosperity, housing, and human and community development. With a region as large and diverse as northeastern Illinois, CMAP chose to pursue a policy plan (dealing with the investments and high-level policies that shape our region) as opposed to a land use plan (planning for specific land uses in specific locations). This is an important distinction in terms of the plan's focus, the agency's future role, and overall implementation.

Increased interagency collaboration, particularly at the federal and state levels, remains vital to implementing many of the actions recommended in GO TO 2040. Many of the recommended actions require different agencies to work to align their goals, performance criteria, funding, and streamline grant requirements. The concept of livable communities, an overarching focus of GO TO 2040, truly cuts across a variety of policy areas and different public sector agencies and requires increased federal and state coordination that transcends existing agency silos. Realizing the potential of livable communities requires not only increased coordination, but also new innovative ways of governing and making investment decisions.

GO TO 2040 should serve as a sustainable roadmap for the region's future and help guide investment decisions at the federal, state, and local levels. The importance of prioritization by utilizing outcome-based performance measures is stressed throughout the plan. As a result of this planning process, regional priorities were identified by the recommendations that appear throughout GO TO 2040.

Increased Efficiencies

It is common for residents to demand that government operate more efficiently, and there are countless examples of perceived wasteful government spending. Some inefficiencies result from poor decision making, but some are the unintended consequences of policies and/or bureaucracies. By re-thinking and realigning government policies, programs, funding and regulations, the region can avoid these undesired outcomes. Targeted and coordinated investments should create efficiencies by streamlining programs and services and avoiding duplication of effort at all levels of government, therefore saving money. Similarly, coordination or consolidation of local services, if done prudently, should have numerous benefits.

9.2 Current Conditions

To implement GO TO 2040 and achieve coordinated investment, barriers at the federal, state, and local levels need to be identified and remedied.

Working in Silos

Federal and state agencies often implement their programs and funding in silos without much consideration of common goals across jurisdictions and topics. While issues such as transportation, housing, and environment are inextricably linked, federal and state departments responsible for these matters have historically remained largely isolated from one another, varying widely in their policy goals, priorities, and grant requirements. This has created barriers to delivering comprehensive solutions to the problems faced by our region and others across the nation.

For example, while the U.S. Environmental Protection Agency's (U.S. EPA) priorities include land preservation, clean air, and climate change mitigation and adaptation, they are not necessarily supported by federal transportation policy, which compartmentalizes highway and transit funding and apportions highway dollars largely based on road miles and vehicle miles traveled (VMT). Additionally, while federal transportation criteria may not be intended as incentives for states to expand their road networks, it is also fair to say that these policies do not give states an incentive to maintain and enhance rather than to expand their current system, thereby missing many opportunities to protect air and water and mitigate greenhouse gas emissions.

Workforce development policy is another area ripe for increased coordination and streamlining at both the federal and state levels. At the federal level, six different agencies (the departments of Education, Labor, Agriculture, Health and Human Services, Housing and Urban Development, and Energy) administer fifteen separate programs for workforce development. Similarly, at least four different State of Illinois agencies provide their own programs and services in this regard. Because the private sector requires a skilled workforce to create and retain jobs, making this system more coherent and collaborative is imperative to keep our economy strong.

Recently, the federal government has demonstrated a commitment to increasing interagency coordination and linking its investments to comprehensive planning. The U.S. Department of Transportation (U.S. DOT), U.S. Department of Housing and Urban Development (HUD), and U.S. EPA have recently collaborated on an interagency agreement, the Partnership for Sustainable Communities, to implement joint transportation, housing, and environmental initiatives. While the details and scope of this new program are yet to be determined, it shows great promise in helping to implement plans like GO TO 2040. The State of Illinois should follow suit to better coordinate its programs and program delivery to allow for a more focused approach to solve the issues that we face in northeastern Illinois.

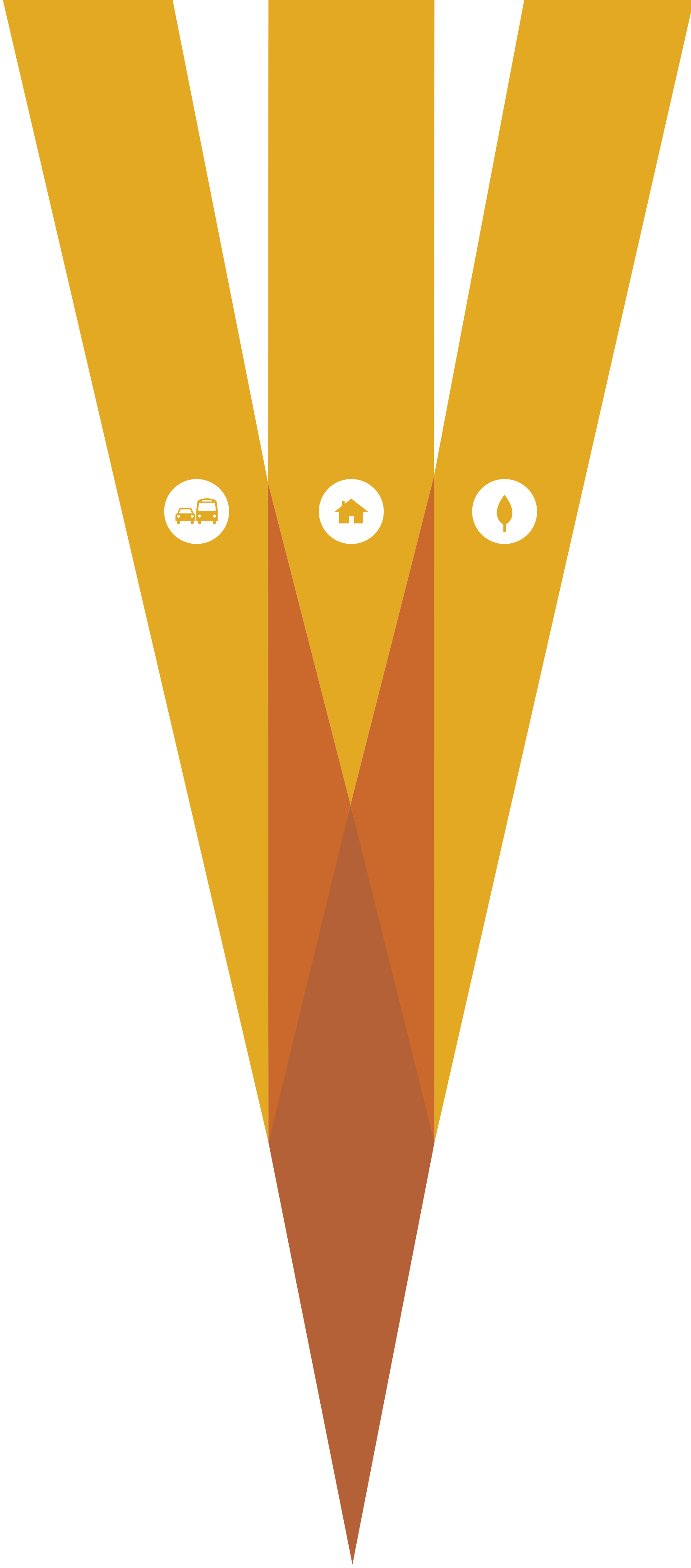


Figure 47. Sustainable communities

By removing "silos" to improve coordination of programs such as Transportation, Housing, and Environment at all levels – federal, state, regional, and local – we can make better use of public resources and maximize benefits to achieve desired outcomes.

Funding Allocations and Decision Making

While the geography of the metropolitan region best reflects economic life, most federal investment decisions are made using the delivery systems of states, which sometimes have a powerful incentive to disburse investments widely rather than pursue particular socioeconomic goals — including economic impact — which could be maximized through a metropolitan, regional focus. Alternatively, many investment decisions by the federal and state government flow directly to local governments with little consideration of regional economic benefits, equity concerns, or the additional efficiencies that could be gained through intergovernmental coordination.

One example of this is the flow of federal and state transportation dollars in Illinois. Federal and state dollars largely accumulate in the state's Road Fund and Construction Account. Expenditures are then made using an arbitrary formula by which northeastern Illinois receives 45 percent of the funds, while the remainder of the state receives 55 percent. As the leading driver of our state's economy, northeastern Illinois merits more consideration, and it would be in the state's best overall interest to invest more in our region.

For some types of investments, the most appropriate geographic scale for policy leadership and programming decisions may be regional. Nationally, decisions about where federal or state funds should ultimately flow have seldom been made at a regional level. Although transportation funds are planned and programmed at the regional level through the Metropolitan Planning Organization (MPO) process, MPOs have often followed the lead of individual project sponsors, rather than prioritizing projects based on regional priorities as CMAP has done with GO TO 2040.

More recently, there have been more steps taken toward implementing regional process for decision making and project selection. The U.S. Department of Energy's (DOE) recent award of $25 million to CMAP and the City of Chicago for the Retrofit Ramp-up Program exemplifies regional leadership and a new framework with criteria for programming federal funds within northeastern Illinois, in this case to create a sustainable building retrofit program that will increase energy efficiency of commercial and residential buildings across our seven-county region.

Regional decision making in terms of investment prioritization and developing consensus is not an easy task. Comprehensive plans like GO TO 2040 can help guide the investments, in areas like infrastructure, workforce, and quality of life, required to reach desired outcomes. To date, the federal government and State of Illinois have supported the creation of these plans. However, the federal government continues to fund regional planning through transportation dollars only, which constrains the ability of these plans to be truly comprehensive in nature. While the State of Illinois mandates regional comprehensive plans, it has not consistently appropriated the necessary funding. Furthermore, the federal government and states typically have not used the recommendations of such plans to target investments or change policies.

Units of Government and Intergovernmental Coordination

In the seven-county region of northeastern Illinois, 1,226 different units of government provide services to residents, businesses, and visitors (see **Table 6**). No region has nearly as many units of government as metropolitan Chicago. Highly localized provision of services like education, fire, and police is a tradition in the Chicago region. Providing services as locally as possible clearly creates greater efficiency in some cases. At the same time, many local governments are also experiencing significant fiscal stress resulting from a number of factors, including declining tax revenues due to the recession, political opposition to or caps on property taxes, or the rising costs of labor, capital, and pensions.

Intergovernmental coordination, both formal and informal, exists in various forms throughout the region. At the local level, nearly all of the municipalities participate in one or more Councils of Government (COGs) that draw municipalities together (based on geographic proximity) to discuss and address common problems and seek collaborative approaches. Units of government also can work together based on a certain issue, such as addressing water supply or economic development opportunities. A wide array of forums that take place throughout the region — anything from informal meetings between municipal managers to a state designated task force — involve the various levels of government and address particular issue areas by facilitating communication and coordination.[1]

Table 6. Units of government in northeastern Illinois

7	Counties
284	Municipalities
123	Townships
307	School Districts
136	Fire Districts
173	Park Districts
108	Library Districts
88	Miscellaneous
1,226	TOTAL

Source: Illinois Department of Revenue

Nongovernmental organizations also play an important role, both in coordinating among local governments and organizing regional responses to investment opportunities. Among many examples, the Metropolitan Mayors Caucus (MMC) has worked for over ten years to develop consensus on shared, cross-border challenges. Civic organizations like the Metropolitan Planning Council (MPC) and Chicago Metropolis 2020 and the region's philanthropic community have long championed the importance of regional coordination. Chicago Wilderness (CW) convenes stakeholders throughout the region to discuss and promote biodiversity. There are numerous other examples. Most recently, CMAP and the Chicago Community Trust formed the Regional ARRA Coordinating Council (RACC), recognizing the opportunities presented for the region through the stimulus funds made available through the American Recovery and Reinvestment Act of 2009 (ARRA). The RACC, which is composed primarily of nonprofit and philanthropic organizations, will continue to offer a range of assistance to state and local agencies in coordinating efforts that will strengthen the region's competitive advantage, especially in regard to preparing coordinated proposals for federal funds.

1 The various roles that units of government play are covered more thoroughly in the GO TO 2040 chapter titled "Context and Best Practices."

9.3 Indicators and Targets

This section has no specific indicators or targets. Instead, since coordinated investment is an integral method to achieve the successful implementation of the plan's recommendation, success will be measured by tracking the level of implementation of all of the recommendations made in GO TO 2040.

9.4 Recommendations

Take a Regional Approach

The state and federal government should use GO TO 2040 to align their investment decisions. As the region's planning agency, CMAP should work to foster inter-jurisdictional collaboration as much as possible.

To move from planning to implementation of GO TO 2040, in partnership with local governments and other agencies, CMAP should seek a greater role in the implementation of the types of strategies analyzed in GO TO 2040. While educational outreach and technical assistance remain important implementation tools, CMAP should also initiate a process to realign its current programmatic and review responsibilities, both in transportation and non-transportation areas, to support GO TO 2040.

CMAP should also move a step beyond this by organizing the region's response to available federal or state funding opportunities or through seeking a greater programming role for appropriate funds. The overall purpose of these actions should be to achieve the greatest possible efficiency and return on investment from federal and state funds spent within the region.

Through these efforts, CMAP should serve as a regional leader for increasing the efficiency and effectiveness of federal, state, and other public investments. Interagency federal agreements like the Partnership for Sustainable Communities, which seek to implement joint transportation, housing, and environmental initiatives in communities across the U.S., are an important beginning but should not simply provide funds for more planning. Specific funding should be set aside in these types of investments to implement policies and capital investments at the local level that support the policies of adopted regional plans. CMAP is poised to lead this effort on behalf of the region.

Along these lines, the federal government should award metropolitan regions "Sustainability Challenge Contracts" to transcend the compartmentalization of disparate programs that might be leading to undesirable outcomes. Challenge grants could incentivize regions to create partnerships across state and local governments, business and civic organizations and other groups for strategic implementation or capital investment activities. Strategies could include energy efficiency retrofit projects, brownfield remediation, mixed-use development, regional workforce initiatives, or congestion pricing initiatives.

Funding for comprehensive regional planning is also a top priority of GO TO 2040. Traditionally, federal transportation funds are the major source of funding for planning agencies throughout the country. The 21st Century has seen increased emphasis on planning comprehensively (not just for transportation), with a focus on creating livable communities and ensuring the region's economic future. To sustain and enhance this planning, the federal government should also support a more robust investment in comprehensive planning from sources other than transportation funds. If comprehensive planning is truly a high priority of the federal government, it requires involvement from other agencies, like U.S. EPA, HUD, DOE, and U.S. Department of Labor, in providing MPOs additional funds to do comprehensive planning and implementation.

Federal investment also needs to be matched and supplemented by state and local funding. The State of Illinois Regional Planning Act was amended in 2007 to include the Comprehensive Regional Planning Fund (CRPF) to provide stable, dedicated funding for comprehensive planning to CMAP and other regional planning agencies statewide. While funding for the CRPF was appropriated in the first two years, recent state budget shortfalls have endangered the availability of state funding for comprehensive regional planning. Moving forward, for GO TO 2040 to succeed, a guaranteed funding source that allows for flexibility in terms of comprehensive planning activities must be secured.

Reform State and Federal Policies and Programs

Beyond the initiatives to implement the GO TO 2040 recommendations noted above, there are a number of policy initiatives that should strive to better align programs, regulations, and funding at the state and federal levels to promote more efficient, effective, and collaborative implementation at the regional level. Often small programmatic actions — for example, with U.S. EPA addressing brownfield clean-up regulations in conjunction with HUD's programs to create more affordable housing — can scale up to have a larger impact and streamline policies that had previously been at odds with one another. As another example, the Federal Highway Administration apportions many of its programs to states based in part upon lane miles. That may incent road expansion relative to maintenance, even though this may not be a desirable strategy from a regional planning context, and this apportionment process should be reconsidered. Federal transportation funds also compartmentalize highway and transit funds and apportion them among many different programs with varying criteria, which may not maximize regional planning goals. On the environmental side, the Clean Water State Revolving Fund (CWSRF) was created to help pay for improvements to publicly owned wastewater treatment plants. While it has been successful in this, it also subsidizes the construction of wastewater capacity to support new development on greenfield sites, which tend to degrade the water resources the CWSRF is meant to protect.

Overall, GO TO 2040 recommends interdisciplinary efforts by federal and state agencies to modify apportionment formulas, project selection criteria and grant requirements that may be helping to cause unintended outcomes. These policy changes at the state and federal levels, while sometimes small in scale, can showcase the benefits of more coordinated governance. However, more should be done to address larger, more systemic barriers on both the federal and state levels and to reflect the regional context that exists.

Support Efforts to Coordinate and Consolidate Local Services

In this fiscal environment, it may be prudent for some local governments to consider sharing or consolidating services, where appropriate. At the extreme, some local governments may find it in their fiscal interest to fully consolidate all government functions.

The available research and experience of other places can help illuminate some of the challenges and opportunities involved in local service consolidation. The MMC recently completed a report specifically addressing these types of issues in relation to fire and police services. As the report highlights, many local governments across the country, including some in the Chicago region, have experimented with consolidating their services. In southern Lake County, Kildeer and Deer Park have combined policing services. The Will County Sheriff provides policing for the Village of Homer Glen. In nearby Milwaukee County, Wisconsin, seven formerly separate fire departments merged in the early 1990s to form a consolidated North Shore Fire Department. All of these efforts have demonstrated favorable results, both in terms of increasing service effectiveness and cost savings.[2]

Some other states have taken this idea further, in terms of consolidating school districts. In 2007, Maine consolidated its number of school districts from 290 to 215, which has greatly increased its share of instructional expenditures relative to administrative expenditures. The governors of Pennsylvania and Mississippi, one a Democrat and one a Republican, have also recently proposed massive consolidations of their school districts.[3]

Notwithstanding the multiple barriers to this kind of change, it is important to recognize that not all services are created equal and that consolidation does carry a fair degree of risk. Economies of scale in service delivery are realized to a greater extent in highly capital-intensive services, such as water or sewer.[4] Less capital-intensive services, including schools and police, may present more challenges. Opponents of consolidation argue that such action may result in a loss of both local control and efficiency, since the level of demand for services becomes more diffuse and varied across wider populations. Proponents of consolidation argue that public safety knows no jurisdictional boundaries and exists more as a metropolitan-wide rather than localized issue. As the issue does not lend itself to simple conclusions, it is important for local governments to analyze these issues intensely and to coordinate and communicate with each other regarding potential consolidation opportunities.

GO TO 2040 supports efforts toward increased local government service coordination and in some cases consolidation, but also stresses that these decisions should be made collaboratively and responsibly. Both *horizontal* and *vertical* service consolidation should be considered. *Horizontal* consolidation refers to non-overlapping units of government, such as two municipalities. *Vertical* consolidation refers to overlapping units of government, such as a county and township (or municipality). The recent research effort focusing on police and fire service consolidation led by the MMC should continue and be expanded.

Counties and COGs are well-positioned to help analyze and implement these efforts locally. The desirability and effectiveness of consolidation varies dramatically based on local conditions, so while regional research and support is helpful, local leadership is needed to actually achieve efficiencies. Local governments in cooperation with their COGs should analyze the fiscal, efficiency, and other consequences of sharing or consolidating some local services. Counties should also be involved with this effort, and should have a larger role in investigating the coordination and consolidation of services offered by units of local government beyond municipalities, such as townships. CMAP can also add value to this area through ongoing research and analysis on local services and highlight where these types of possibilities may exist.

2 Metropolitan Mayors Caucus, "Service Delivery Task Force — First Report to the Full Caucus," December 14, 2009. See **http://tinyurl.com/3xvwwnb**.

3 Bruce Katz, "The Metro Moment," Brookings Institution, April 16, 2010.

4 For more information, see the GO TO 2040 section "Manage and Conserve Water and Energy Resources."

9.5 Implementation Action Areas

The following tables are a guide to specific actions that need to be taken to implement GO TO 2040. The plan focuses on three implementation areas for pursuing coordinated investments:

Take a Regional Approach to Federal and State Investment

Reform State and Federal Policies and Programs

Support Efforts to Consolidate Local Services

Implementation Action Area #1: Take a Regional Approach to Federal and State Investment

Realign current programmatic and review responsibilities, both in transportation and non-transportation areas, to support GO TO 2040 LEAD IMPLEMENTERS: CMAP	CMAP's programming activities should, as far as possible, be oriented toward implementing GO TO 2040. CMAP should realign its current programmatic and review responsibilities to support the plan. These responsibilities now include staffing project selection committees and selecting criteria for the allocation of Unified Work Program (UWP) and Congestion, Mitigation and Air Quality Improvement (CMAQ) funds, oversight and monitoring of the Surface Transportation Program (STP), and an advisory role in reviewing water quality management plan amendments (the Facility Planning Area [FPA] process) and in reviewing Developments of Regional Importance (DRIs).
Continue to lead regional efforts in implementing federal and state investments LEAD IMPLEMENTERS: CMAP	CMAP should seek a greater role in leading regional responses to some funding opportunities and, where appropriate, drive more efficient, effective, and collaborative programming decisions.
Identify linkages and opportunities for regional collaboration around federal and state funding sources; engage local governments on these issues LEAD IMPLEMENTERS: CMAP, nonprofits, philanthropic	CMAP in partnership with the Chicago Community Trust formed the RACC, composed of representatives from the region's civic organizations and the philanthropic community, to coordinate efforts to maximize the region's strategic advantage in acquiring and leveraging federal stimulus funds. The longer term goal of this group should be to identify and support opportunities for regional collaboration around future federal and state funding opportunities. This can demonstrate the power and effectiveness of regional collaboration. This group should increasingly seek the input of the region's local governments, which will further strengthen the supportive environment for regional decision-making.
Incent regional decision-making and empower regional institutions LEAD IMPLEMENTERS: Federal (U.S. DOT, U.S. EPA, HUD, EDA, DOE), state (IDOT, IHDA, DCEO)	Through challenge grants or similar mechanisms, incent regions to create partnerships across state and local governments, business and civic organizations, and other groups for strategic implementation or capital investment activities. Strategies could include: energy efficiency retrofit projects, brownfield remediation, mixed use development, transit oriented development (TOD), regional workforce initiatives, or congestion pricing schemes.
Support a more robust investment in comprehensive planning LEAD IMPLEMENTERS: Federal (U.S. DOT, U.S. EPA, HUD, EDA, DOE), state (IDOT, IHDA, DCEO)	Currently, MPOs receive only transportation planning funds from the U.S. DOT. If comprehensive planning is truly a high priority of the federal government, it requires involvement from other agencies, like U.S. EPA and HUD, in providing MPOs and regional planning agencies additional funds to do comprehensive planning and implementation. The State of Illinois mandates regional comprehensive planning, but has not sufficiently appropriated funds toward this purpose.

Implementation Action Area #2: Reform State and Federal Policies and Programs

Harmonize state and federal grant and program requirements to support more comprehensive approaches to policy decisions and capital investments LEAD IMPLEMENTERS: Federal (U.S. DOT, U.S. EPA, HUD, EDA, DOE), state (IDOT, IHDA, DCEO)	As federal agencies have begun to coordinate policies, initiatives, and grant programs (specifically, the agencies of U.S. DOT, U.S. EPA, and HUD) to remove barriers to creating more livable, sustainable communities, state agencies should similarly coordinate policies and programs in kind. Achieving "livable communities" requires prioritizing comprehensive investments in capital improvement projects like brownfield remediation and providing for affordable housing near public transit.
Modify certain apportionment formulas, project selection criteria, and grant requirements that may be helping to cause unintended outcomes LEAD IMPLEMENTERS: Federal (U.S. DOT, U.S. EPA, HUD, EDA, DOE), state (IDOT, IHDA, DCEO)	GO TO 2040 includes a number of recommendations that call for revisions to funding formulas and/or project selection for various programs that are based on performance-based criteria. Some examples, but not an exhaustive list: the end of the "55-45" split for state transportation dollars, the need for criteria for green infrastructure connectivity in open space grant programs, and the revision of the federal New Starts program for transit. These examples and others mentioned in the plan need to be addressed by state and federal agencies to achieve more optimal and transparent policy outcomes.
Focus metropolitan policy analysis and outreach on improving and empowering existing regional institutions LEAD IMPLEMENTERS: Nonprofits, philanthropic	A number of research civic organizations provide decision makers with policy ideas for improving the health and prosperity of cities and metropolitan areas. As a prime example, the Brookings Institution's "Blueprint for American Prosperity" reports have successfully made the case for regional investments and have helped invigorate discussion about the importance of comprehensive planning at the federal level. These are strengthened by work by numerous civic organizations based within our region. However, the importance of empowering existing regional institutions, especially MPOs, should be further prioritized in these discussions. Brookings and others should focus more energy analyzing and advocating for improving and empowering these institutions, through federal legislation.

Implementation Action Area #3: Support Efforts to Consolidate Local Services

Analyze the fiscal, efficiency, and other consequences of sharing or consolidating local services LEAD IMPLEMENTERS: MMC, COGs, municipalities	MMC recently completed a report specifically addressing these types of issues in relation to fire and police services. The Caucus should continue these efforts and make specific recommendations.
Analyze the effects of consolidating local governments, with a special focus on the township system LEAD IMPLEMENTERS: Counties, COGs, municipalities	It is important to analyze the costs and benefits of consolidation, and this effort should be undertaken by COGs or counties, who are well-placed to coordinate local efforts. CMAP should support and participate in such efforts as needed.

9.6 Costs and Financing

Fiscal benefits are a central feature of coordinated investment strategies. The overarching message of coordinated investment is one of increased efficiency and decreased duplication of effort.

Thus, the strategies outlined above should save money. Federal, state, and local governments should become leaner and increasingly responsive to effectively solving the comprehensive problems we face. Currently, all levels of government face challenges in minimizing duplication — a prime example is the multitude of workforce development programs at the federal and state level. Governments are also challenged in targeting investments toward the right things. These problems are challenging, but not insurmountable.

The cost savings due to coordinated investment approach include the following:

A more "regional" approach should increase the federal and state share of investments to metropolitan areas like northeastern Illinois, which should increase revenues flowing to this region. Furthermore, better targeting of investment implies more efficient expenditures by the state and federal government.

More "comprehensive" solutions require more coordination among different federal and state agencies on a range of different programs. The result should be more consolidation of programs and funding flows, which should reduce duplication and save money.

Similarly, coordination or consolidation of local services, if done prudently, should save money. Indeed, the potential for fiscal benefits is often one of the driving forces behind such efforts.