

## Interview with Dr. Michael Jacoby

# AI-A-L-2012-033

Interview: July 19, 2012

Interviewer: Philip Pogue

### **COPYRIGHT**

**The following material can be used for educational and other non-commercial purposes without the written permission of the Abraham Lincoln Presidential Library. “Fair use” criteria of Section 107 of the Copyright Act of 1976 must be followed. These materials are not to be deposited in other repositories, nor used for resale or commercial purposes without the authorization from the Audio-Visual Curator at the Abraham Lincoln Presidential Library, 112 N. 6th Street, Springfield, Illinois 62701. Telephone (217) 785-7955**

**Note to the Reader:** Readers of the oral history memoir should bear in mind that this is a transcript of the spoken word, and that the interviewer, interviewee and editor sought to preserve the informal, conversational style that is inherent in such historical sources. The Abraham Lincoln Presidential Library is not responsible for the factual accuracy of the memoir, nor for the views expressed therein. We leave these for the reader to judge.

Pogue: It is July 19, 2012. We’re in DeKalb, Illinois, and we’re on the topic of Illinois school reorganization. My name is Phil Pogue, and we’re going to be talking to Dr. Michael Jacoby, who served on the Classrooms First Commission. So, Dr. Jacoby, thank you for participating in our school reorganization project.

Jacoby: You’re welcome.

Pogue: At this time, could you give us some background about yourself, the high school you attended, college, graduate school and other?

Jacoby: Well, I went to high school in Platteville, Wisconsin, graduated there in 1976, matriculated to the University of Iowa and majored in music education. I was both a vocal and instrumental major at the time and eventually just focused on vocal music. [I] went from the University of Iowa to my first job at Morris Community High School, as the director of vocal music. During that time, I entered the master’s program at Illinois State University in educational leadership and eventually, in terms of educational background, finished my master’s there and then a



*Dr. Michael Jacoby*

doctorate at Northern Illinois University in 1993 in educational leadership, as well.

Pogue: And you indicated that you taught music at Morris. Did you do any other school districts, or were you just at Morris?

Jacoby: That was the only place that I taught, because I moved from Morris in 1986 to a director of finance position at Geneva Community Unit School District 304. I ended up spending twenty years in Geneva, sixteen in the school business position, as that grew and then four years as superintendent before coming to Illinois ASBO, Illinois Association of School Business Officials, as the executive director.

Pogue: What experiences, prior to being on the commission, had you had with school reorganization?

Jacoby: Nothing very specific in actual reorganization processes. Obviously, as a superintendent of schools in a suburban arena, there are dialogues that take place about, "Shouldn't we merge or do other kinds of things with other districts?" But those districts were rather large, so there wasn't the pressure that you might feel from some other parts of the state, where size or opportunity for students was an issue.

However, we did do quite a bit of both virtual, as well as shared, programs between districts when I was a superintendent and also when I was a business official in Geneva. We participated in a community college network where we were... We installed microwave towers to be able to bring instruction from other participating districts and the community college, Waubensee Community College, into the high school.

We also did some collaborative programs with [the] Batavia Community Unit School District 101, shared some foreign language. They had a Japanese program. We had a German program, and we shared back and forth with that. Then, obviously, the traditional vocational, as well as special education cooperatives. We had a Mid-Valley Cooperative of five districts for both special education and vocational. I served on those boards as well as in some of the initiation of programming.

Pogue: What does the Illinois Business Officials organization have as its objectives, since you are currently the executive director?

Jacoby: Our primary mission at Illinois ASBO is to provide services and programs to our members and stakeholders around the rubric of managing schools. So the gambit of that is pretty broad, everything from leadership to very specific issues, such as transportation management and so forth.

We have broken down the school business and operations component into nineteen different professional arenas, and each one of those has its own

committee that develops programming and training for our members and non-members.

As a statewide organization, obviously, we also advocate for best practice in school business management and also serve as the advocate for our members in regard to legislative and policy direction.

Pogue: Why is the office located in DeKalb then?

Jacoby: That's an interesting question. Illinois ASBO actually grew up out of Northern Illinois University [NIU]. Thirty-five years ago, the executive director of the association was really a university professor that had one release period to manage a professional organization. The organization was very small in those years, maybe 100 people. Over time, the association grew to the point where my predecessor, Ron Everett...I'm going to just give a general date structure here. I'm thinking that it was in about 1998, because I was serving as a volunteer on the board of directors at that time. I think, in 1998, the association actually bought out his entire professor contract, in order for him to be full-time as an executive director of the association. When he retired, in 2004, from NIU, then he continued his relationship with the association for two years. Then I was hired, in 2006, as a full-time executive director.

In the late '90s, at the time when we were getting to that point where we had become a full-fledged, statewide organization, with well over 2,000 members and a budget exceeding \$3 million or so, the association believed it was time for it to have its own headquarters. The building in which we're doing this interview is actually constructed on NIU property, in an agreement with Northern Illinois University, that they lease half the building back from us for twenty-five years.

So, in the upper floor here, we have the public administration department of the college of liberal arts that's housed here. And after that twenty-five years, they [the university] will have effectively lease purchased the building from the association, and they will own the building and, of course, the property. Then we have a twenty-five year agreement with them that we can lease back our own office space for another quarter century, so a rather unique scenario, in terms of constructing a building and putting a headquarters in place.

Pogue: Who makes up the membership of your association, and from what parts of the state are most of your members?

Jacoby: Our membership ranges from a bookkeeper to a CFO [chief finance officer]. It's a very broad range of membership. We include facility personnel, transportation personnel, really anybody who works in the function of operations for a school district or for financial leadership, which, just as an aside, makes our professional development challenges unique, because we're

not dealing with just one type of individual, in terms of their professional background, we're dealing with people who have doctorates, to people who have only an associate's degree in accounting, a very broad range.

We have 2,200 members, and if we were to break down the 2,200 members, about 300 of those are what we call emeritus. They've retired, but they're still engaged with the association. Many do special projects for us, interim positions for districts and so forth. We have service associate members in that group. Those are vendors that do work with schools. Those service associates are individual members, not corporate members, of the association. So they actually have a personal relationship with the association. And the remainder are that gamut of bookkeeper, all the way through the CFO. The majority of our members are in the Chicago metropolitan arena. It's about a 65% to 35% split between Chicago metro area and the rest of Illinois.

Pogue: What are examples of some of the training that you mentioned that you provide?

Jacoby: We do about 100 seminars a year on every topic from budgeting to levy preparation to appropriate accounting, internal controls, risk management, purchasing. You know, you name it, in terms of school operations and leadership, and we do that. Those 100 seminars are developed by those nineteen committees that serve in each of the, sort of, domains of school business management. They're developed by them, and we essentially are a conduit for a member-to-member professional development model.

We also do three one-day conferences, one on facilities, one on technology and one for, particularly, what we call support service personnel, so secretaries, bookkeepers, accounts payable, payroll processing folks, within the school district.

We cooperate also with the other management associations in a joint conference, once a year in Chicago. So the superintendents and school board association are part of that partnership. And then, also, our own annual conference, during which we will have approximately eighty break-out sessions on various topics of school business management and leadership.

Pogue: How did you get selected to be on the Classrooms First Commission?

Jacoby: When I took the position as executive director of Illinois ASBO in 2006, one of the objectives was to expand the association's role in statewide policy dialogue. That means, not just being more present in the legislative arena, but also being involved in policy discussions with various groups throughout the state.

So, while this commission was convened in 2011, there were five years there of doing good groundwork to make sure that our association was a vital partner in anything going forward in school policy and education reform.

So, when the legislature was putting together a response to the governor's statement in his State of the State Address in 2011, which said he wanted to take all the districts down to just 300 in Illinois, from 865 or so to 300, the legislatures' response was to establish this commission.

We advocated that all four of the management associations should have a seat on the commission. So those were actually written into statute, that Illinois ASBO, superintendents, school boards and principal's association all would be represented.

Pogue: What were your responsibilities, once they named you to the commission?

Jacoby: Well, the initial phase of the commission work was primarily attendance at periodic commission meetings. We were all rather equal at that point, in terms of our role. It was pretty much to digest what the current state of school district consolidation was in Illinois, as well as begin to integrate with the community through various hearings throughout the state, where we would get feedback from people on the topic of school consolidation and also efficiencies and non-consolidation efforts that were achieving some of the same results as a consolidation, so shared services, shared instructional programs, virtual consolidation, issues like that.

As the commission emerged into its second phase, which was to break down into work groups, then I served as the chairman of the shared services and school district efficiencies work group.

Pogue: House Bill 1216, which created the concept of the commission, talked about some of the objectives being reducing the dollars spent in duplicate services, improving the educational obstacles between qualified teachers and students, lowering the property tax burden, calculating the net savings of reorganization, and providing the schools input on reorganization. Were these actual parts of the commission goals, and were there any that were added later on?

Jacoby: I think these were all goals that the commission embraced. In our report, we've detailed some responses to all of those issues. Actually, as we collected information, across the state, we were asking these questions of individuals, both the public, as well as school district employees and other policy and leaders throughout Illinois, about these particular issues.

I think, while these were very specific, in terms of objectives, it appeared to me, as the commission developed, that the focus would be less on reorganization and more on other alternatives that districts might embrace, in addition to reorganization.

The primary, I think, policy question in everyone's mind on the commission was, are we going to be in a situation in Illinois where there will be forced consolidation? Or will Illinois, from both statute and policy, be in a

position to support consolidation and reorganization, when and where local entities make a determination they want to pursue that?

It was very clear, right from the get-go, that not only everyone giving us input at our hearings was in favor of a voluntary reorganization consolidation model, with good support, but also the commission itself essentially said that a mandatory consolidation or reorganization model was not something that we would recommend.

Pogue: What seemed to be the major obstacles the commission found on having schools reorganize, both at the local, state, even perhaps the courts and the federal laws?

Jacoby: Well, the local level, obviously, you have to have agreement between entities to begin to pursue consolidation or reorganization. And the various methods of pursuing that, from a sort of legal standpoint, where you're actually going to eliminate having multiple districts and actually having one school district that's made up of those, that brings with it just every imaginable public, local concern that you can think of. "I'm losing my school." "This will be the death of our community." "What are we going to do with our sports teams?" "What's the mascot going to be?" (chuckles), all the way down to "Who is going to be employed, and who is not going to be employed?"

Anytime you're looking to save resources through a consolidation effort or provide better services through a consolidation effort, there are going to be many people impacted by that, both students and employees, as well as the community itself. And schools have long been a centerpiece, within small communities, and, typically, when consolidation or reorganization is being discussed, it's normally within those smaller communities, where they're having difficulty financially at providing resources and programs for their students. So, the major obstacles there are simply the local political obstacles, "What do you get for the effort that you put forward?" "Are you really making a change in the educational opportunities for students, or are you simply working to be more efficient in the delivery of those services and at what cost?"

At the state level, I think the primary issues there are, right now, the state laws that kick into play when districts reorganize, such as incentives to teachers in a reorganization, consolidation arena for additional salary, or the fact that, when you're consolidating, you're essentially going to level everyone up to the highest salary schedule within the groups that are consolidating. Those are two, primary financial barriers, because it becomes more expensive sometimes to deliver those services, if you're going to the highest salary schedule.

In some instances, where there was a high school and maybe some elementary districts that wanted to consolidate, as they would do their

feasibility studies, they would find that it would be less expensive to their communities to maintain their existing, separate districts, because they would have to level all of those elementary teachers up to the high school teacher salaries, which would be too difficult.

I think the other issue related to—maybe this is more on the local side than the state side—but it has to do with who embraces the existing debt that school districts currently have, and what’s that burden going to be like, in terms of tax burden on the rest of the community. What will be the effective tax rate, going forward, and will it be a higher tax rate and a higher impact on local property taxes? That is also an obstacle that I think many communities have struggled with.

I don’t really have any comment on the courts. We didn’t really find any real obstacles there, from a commission standpoint. In terms of federal dollars, those are typically driven by student count, so there really wouldn’t be a huge change in federal impact, other than if the poverty counts were to change within a particular district. They’d have less students, on a proportional basis, that would qualify for some federal funds.

Pogue: The commission was set up to have two sets of public meetings, one in the fall to collect, one in the spring to review the recommendations. You had a set-up for online surveys. You did start with small group meetings, and then you had May-June meetings to kind of get everything lined out. Did you find that format workable to complete your task?

Jacoby: Of all the commissions I’ve served on, I felt that this one ran as smoothly as any. There was a lot of interest in the initial phase of public hearings. I feel that was driven, not so much by what the commission was doing at that time, but really by the fear that we were going to be entering into a mandated consolidation or mandated reorganization model. When that was answered, after that first set of public hearings, and we began to work in our work groups and come forward with recommendations, our second group of public hearings did not generate much attendance at all, very little interest at that point, because I think there was—well, not anymore—a threat that we were talking about mandated consolidation.

Pogue: What feedback did you get from your own membership, regarding the commission’s work?

Jacoby: Well, the Illinois ASBO membership was very able to provide resources and information to us. One of the things that we did—it didn’t appear in the report but probably will come out of the association, as an addendum—is we identified fifteen or sixteen areas of shared services that districts might look at or embrace. Our members helped us to tie those to real situations and give us data and feedback on where those were happening in a successful way. That’s

a resource that we can put out for other districts to maybe evaluate or contact and pursue that kind of shared service scenario.

Some of my members were very engaged with that. I think they were also very pleased that we had ample representation on that commission from the management organizations, because that ensured that their voice was going to be heard and that, if there were going to be a direction for mandated consolidation or reorganization, we would be at the table in helping to define what that would look like.

When that ceased to be a focus of the commission, then our members—I think every organization's members—were less interested in really what was happening with the commission.

Pogue: What studies, testimony or online survey results seemed to really have an impact on the commission?

Jacoby: One of the early studies that the State Board of Education did for us was to take a look at the actual cost of consolidation and to put it in the context of what the governor had originally proposed. It was just, I think, shocking to all of us that that cost would be exorbitant. It would be in the billions of dollars to move... Under current state statute, under the current financial rules that exist, when districts are going to consolidate or reorganize, the cost would be just beyond what the state could bear.

I think that actually helped answer a question that all of us raised when the governor first put forward the idea of reducing all the districts to just 300. He had thrown out a statement that that would save \$100 million, and it just... It would not. It would cost billions of dollars to actually do it, because of some of the issues I spoke to before, salary schedules, having to ramp up to the highest salary schedule; dollars being paid to enhance or to encourage consolidation; the tax rate implications to move into a newly combined tax rate with two entities. So, as we saw all those things coming together, I think we all said there's a reason why, beyond simply the negative of forcing people to do things, there's also a financial burden there that we just can't bear right now, as a state, to move into a forced consolidation scenario.

One other thing that, actually, the management associations pursued was an initial survey of our members, in regard to current, shared services that they're being involved in right now. We had been... Illinois ASBO... [As a matter of fact, I'd been the primary author of a bill, the prior year, that Senator Susan Garrett put forward, which now requires school districts to report on all shared services that they are involved with on their annual financial report. And starting this year, as school districts report their final finances, there will be a page where they'll be identifying all the shared service relationships that they engage in.



So we did a preliminary survey of that to see what that looked like on a statewide basis, and it had some very good response from our members. I think we'll really look forward to seeing the cumulative responses from all districts, which will be effective this year. But we were able to show the commission that, in fact, districts are highly leveraged into shared service participation. The mindset of some had been that school districts don't run themselves in the same way as private sector businesses, that they're inefficient, that they don't partner together, that there are a lot of duplicative services and so forth.

What we were able to show, just with the small surveys that we did, is that, I think, the average was that, across Illinois, districts have at least eight to twelve shared service arenas that they're already engaged in. And those aren't being spoken of; they aren't being reported, and they aren't being acknowledged as efficiency measures that are already in place for schools.

So that allowed us to really show the commission that there are other ways to eliminate duplicative services. There are other ways, other than reorganization and consolidation, to create efficiencies and that there are ways to provide quality services—even in small school district arenas—to students, without necessarily having to go through the process of consolidation.

Pogue: You indicated that you were on the shared service sub-group. How did you get selected for that group?

Jacoby: Lynne Haeffele, who was sort of the support person from the governor's office and also connected with Illinois State University and the lieutenant governor, Sheila Simon, called me and asked me to serve in that capacity. I believe they saw that the Illinois Association of School Business Officials probably was a leader in already identifying best practices in that particular area. Plus, given the fact that I had been involved with Senator Garrett in the development of her legislation the prior year, I think they felt I was probably the best candidate to lead that. So that's how I was selected.

Pogue: What were the recommendations from this sub-group to the full commission, regarding shared services?

Jacoby: There were several. First of all, we believe that there is some sort of, I think, system in place now in Illinois that give us the opportunity to identify districts that are having difficulty financially. So we recommended that the financial profiles that are already in place for schools, where they are rated in the categories of recognition or warning or watch, that as districts move through the... You know, if they were in a downward spiral, and they were going into warning, or they were going into watch, financial watch... If that was going to happen, that trigger would then cause them to have more dialog about how can we share services? How can we find further efficiencies and so forth?

So our primary recommendation on that was that, once a district entered into early warning or watch on their financial profile, they would begin then—depending on how low they were on the profile—they would begin to dialog with a regional superintendent of schools on what shared service opportunities might be available in their area and whether or not there could be some cost savings associated with that.

We also went back to a recommendation that we had authored previously and had presented with the Burnham Plan for a World Class Education, called a “resource management model” or “resource management service.” This particular idea is that we would use existing, as well as maybe some new data sets that would come from all schools. And rather than those reports...I mean, there are so many reports that districts do about their operations and services that go to the State Board of Education, that go to other entities, but they basically just drop into a black hole. They’re never integrated. They’re never collected. There’s never a way for anybody to compare those.

So resource management service would take that data and create a user friendly interface, where districts could compare themselves to other districts of like kind. It could be like enrollments, like geographic settings. It might be that they’re looking for districts that have facilities of the same age, you know, all different types of ways that they could do, essentially, some business intelligence on how their operations are going and what those are costing, compared to what other districts are doing.

In our initial estimates on the impact of such a service, based on a pilot in Ohio, if every district were to just receive 5% in savings, in efficiencies, by doing that kind of work on an annual basis, 5% savings, multiplied times the districts in Illinois and the money that’s spent on schools, is \$1 billion. So there’s a huge opportunity for good data analysis and business intelligence to save resources and create efficiencies at a large level, across Illinois.

We also recommended that a resource repository be established in the governor’s office, where agreements that are already in place for shared services would be housed, so districts could go and look and see what other districts are doing. Not just what they’re doing, but also get examples of the agreements that are in place to drive those services. That could be, actually, a nice jump start for districts that want to work into a shared service or an outsourcing arena and move into it pretty quickly.

We recommended that the state establish a revolving fund to support shared service initiatives, both in creating monies for districts that want to start up a shared service or districts that want to do some sort of an audit of their existing operations, to identify what areas they might explore in terms of shared services and then some cost factors associated with a potential savings that they might see by engaging in that. Many districts may want to take some

steps, but the financial pressure to actually do that or to identify the areas that they can do it effectively in are sometimes a barrier.

Those funds, from a revolving fund, would be paid back to the State of Illinois, if it's a loan program, based on the financial efficiencies the district would achieve by being involved in a shared service.

Then finally, we believe there's a restriction in statute right now that could impact districts going wholeheartedly into some shared services arenas. Basically, it's Public Act 95-241. Public Act 95-241 requires a school district, if it is going to outsource, to make sure that the provider that's going to take on the outsourcing has the same pay and the same benefit structure as the district currently has for its employees that are doing that same function. That has essentially shut down districts looking at outsourcing arrangements, because there's no financial benefit in moving in that direction.

A good example might be, in the shared service arena, if two districts are running transportation systems, and they want to move into a shared service relationship, one of those districts might take over the transportation services of the other district, and together they would pay for those. Well, somewhere along the line there're going to be some employees that might be displaced from that. In order for that to become an efficiency, you have to do that. Otherwise, why would you pursue a shared service? If you are going to have to pay the same people the same salaries and the same benefits, there would be no incentive to actually make that move.

So we're recommending that, when districts engage in a shared service initiative, that they would be exempt from the restrictions that that particular public act places on areas of non-instructional outsourcing. In the original view of that bill, which was designed by the unions to protect union positions in school districts, their view was, this has to do with third party outsourcing and taking district-run transportation into a private sector, contracted transportation, as an example.

We don't see that there's any difference. If another school district is going to be that outsourced provider, they would have the same restrictions on providing the same salary and the same benefits and hiring the existing employees of that school district, which again just minimizes the opportunity for that to be successful. So those were some of the primary recommendations that we made from the shared services work group.

Pogue: Were there other ideas considered but not included?

Jacoby: We talked quite a bit about two other things, health insurance being one of those. Everyone knows that the State of Illinois has a health insurance program through the Central Management Services. School districts are able to participate in that. There are only three districts in Illinois that actually

utilize that opportunity. The reason that they don't, has to do with, [first], the cost is not necessarily lower and, secondly, there are just restrictions on the benefit packages, the geographic presence of those packages, the quality of those packages in certain geographic areas and so forth. So that was brought up, maybe with the idea that there needed to be a consortium across Illinois that would just be for health insurance for school districts.

Part of the reason that didn't stay on the table is that, one, districts aren't participating in the current plan that's available to them, and two, in states where there have been statewide initiatives to establish health networks that broad, typically they end up being union run. In Wisconsin, that was one of the issues in the education reform that took place there. There were also issues with that in Michigan. About a third of the school districts in Michigan are part of a union-run health cooperative, and of course, during collective bargaining, the teachers' union pushes toward being a part of that particular service. I think we just didn't want to walk into something that they're trying to get rid of in other states, from that perspective.

The other area that we talked about and did not put on the table had to do with technology and going to a statewide system of operational technology or software. Right now, school districts have the ability to choose whatever software they're going to use to manage their finances and their operations, their student information and so forth. The concept was, what if we required all districts to use one system and the state bid that system?

As we discussed that, we just felt, again, one of the things we did not want to embrace, as a commission, was the idea of having the public sector eliminate private sector competition, moving into that arena of eliminating all software vendors in the State of Illinois, save one that the state would select. Plus, the state had previously looked at the idea of creating a statewide financial management system and had abandoned that, just simply because of the overall technical focus the state would have to have on maintaining such a system. They don't have the employee base to do such. So we eliminated that as a shared service option.

Pogue: When you talked about your recommendations from that sub-group, what ones would need legislative action to be implemented?

Jacoby: Well, the last one I talked about, in terms of Public Act 95-241, that would require legislation to provide an exemption for districts that are participating in a shared service initiative.

Establishing a revolving fund would also require legislative action, and establishing a resource management service for districts and sort of mandating how districts would need to be engaged with that would also require statutory action. In fact, if we were going to use the financial profiles to trigger shared

service or efficiency studies that would also require modification of the statutes.

Pogue: The other groups—there were three others—what were some of their major recommendations?

Jacoby: In the reorganization category, I think one of the primary recommendations there was to identify districts that want to participate in voluntary reorganization or shared services. We heard from many people throughout Illinois that their district would like to consolidate, but nobody will consolidate with them. There could be reasons for that, financial and otherwise. But [the work group] felt there could be some benefit in identifying who those are and then working through the State Board of Education to create some feasibility studies on how they might take next steps.

Also, that particular work group identified some barriers to voluntary reorganization. One of those has to do with the contiguous elements of reorganization. So their recommendation was to allow non-contiguous, because currently only districts that share a border are allowed to reorganize into a new district.

They also recommended that districts with a population of 750 students or less, to permit them to dissolve with or without a referendum. Currently, only districts under 5,000 residents can seek dissolution, with or without a referendum. So, if they change it from residents to student population, then you're getting a little bit more specific in regard to the schools themselves.

Also, [there was] a recommendation to pilot a sort of reorganization school construction program. One of the huge barriers to reorganization is, if we are going to reorganize and consolidate, then how do we do that if we don't have a building that can house the students? And, if we put that question before the community, along with the referendum to build a building, now you're adding taxes and other kinds of things. So, an incentive that would be really positive would be to identify sources of construction resources for districts that wanted to build a new high school, for instance, and consolidate.

In the in-district efficiency group, they made some bold recommendations. One had to do with adopting a two-year state budget cycle. There are many states that do two-year budgets, and they're able to identify what those resources are going to be for schools. And schools have the ability to plan, then, farther into the future. In Illinois, literally, you don't know what your resources are going to be until a month before the fiscal year starts. Even at that, you don't know if there's going to be resources available to actually distribute those resources.

So their recommendation was to adopt a two-year state budget cycle for schools, so the schools would know, at least a year in advance, what their funding would be and could plan for it. This would help, I think, in any sort of efficiency or reorganization or shared service model, because you'd have some more predictable understanding of what your revenues were going to be.

Also, some mandate flexibility was part of the recommendation, maybe provide some interactive, personnel registries where the district or the regional office would make all the districts in the region aware of what personnel are available that could serve across district lines, with some sort of agreement. I thought that was an excellent idea.

And we talked a little bit about efficiencies in the area of database licenses, libraries and so forth, things that could actually become virtual, and doing some more coordination on a statewide basis on those levels. So those were some of the standouts, in regard to other recommendations.

Pogue: What does virtual consolidation mean, and who came up with that term?

Jacoby: I don't know who originated the term, but I think it's probably well beyond the commission, in terms of its genesis. What it simply means is that, with technology the way it is today and with online learning becoming much more of a norm, there is the ability to provide instruction without having to physically consolidate districts, where you can actually, through virtual methods, consolidate instruction.

Examples of that are all over the nation. It just happens, in Illinois, we don't have maybe the forces that require that, but I did some work in Alaska, with their school business association. And Alaska, as you know, is... If you lay Alaska over the United States, it's about as big as the United States, from tip to tip, in terms of length. It has such sparse population in certain areas there that they have to engage in some sort of virtual education relationship, in order to provide students with a full-range of educational opportunities. So schools there are actually developing virtual programs and then being contracted by other districts to provide those programs for their students.

So it's really just about using technology and the Internet, other methods of communication, to deliver instruction, without actually creating a single, new district through consolidation. But you're essentially delivering your services in a different model.

Pogue: The commission seemed to be saying, "Don't use the one size fits all, no forced consolidation; reducing to 300 districts would be costly. Shared services, however, could lead to future reorganization. The situation of dual and unit districts would still continue. Specialized laws might allow districts to reorganize, if interest exists. Is that a fair statement, and were there other kind of philosophies that came out in this group?"

Jacoby: I think that is a fair statement. I think it summarizes some of the, what I would say, the 20,000 foot policy ideas that emerged from the commission. Obviously, a lot of the recommendations are practical, things that can be done. But if you were to sort of sum it all up, I think those are pretty good definitions.

Pogue: The commission looked at existing state incentives and posed new ones. Could you explain that a little bit, as to why those changes were being considered?

Jacoby: That had to do, primarily, with the reorganization work group and some of their recommendations. I mentioned already changing the statute to allow districts to dissolve, without having minimum population but having sort of a minimum student enrollment.

The current law, in terms of newly-formed districts, could also cause some reduced grant and entitlement assistance, because, as I mentioned previously on federal programs, for instance, changing the dynamic of the poverty proportions or poverty counts within the district through consolidation could result in some reduced funds. So I think that's one of those areas that could be touched in terms of financials.

Also, implementing some tax inequity step-up or step-downs for doing unit districts. Right now, we have elementary districts; we have high school districts; we have unit districts in Illinois. And the concept of consolidating high schools and elementaries, not only does it bring with it the whole salary schedule problem, which means you're leveling up elementary salaries to high school salary categories, there's also issues with tax rate.

So the recommendation that went forward would allow a new district to initially tax the same rate as the combined dual district tax rates, and that rate would then be gradually lowered by a certain amount each year, until rate reached the maximum unit district rate for, for instance, the education fund.

The fear, obviously, of the loss of money, through consolidation, because of having to, essentially, stay underneath certain current state limits, was a major concern. I think those were primarily the areas that we talked about, in terms of some of those financial implications.

Pogue: The 1985 Educational Reform Act had been the last big push for school reorganization, and it came at a time when there was a lot of money going to schools. That piece got dropped because it became a political football. However, lots of other programs came into existence, such as pre-kindergarten and the alternative types of schools.

However, your commission was facing the opposite, declining state aid, reduced transportation funds and even a statement from the governor saying, "Transportation is a local cost and not a state responsibility." The

ROE [Regional Office of Education] issue, of how to fund them and whether that would be state or local; the current talk about pension pick-ups from state responsibility to downstate; suburban school districts; the potential healthcare costs, due to the new federal legislation; more of the state funding having to deal with Medicaid and the new healthcare law, more of that will be going to pay for the additional people on the roll if Illinois participates. Did those types of things have an impact on the commission?

Jacoby: I think they did in some ways. [As] a matter of fact, we heard quite often in the first round of public hearings that there's so much right now on the plate of school districts and so many issues having to do with reduced state support, financially, that having to be forced into any sort of consolidation direction would just be the straw that would break the camel's back.

I was around in 1985, when all the meetings were being held throughout the whole state. I think there was a mandate that every district under a certain size have meetings, public meetings, to talk about the possibility of consolidation and so forth. I went to a few of those meetings. They ended up, as you said, a political football and not very conducive to actually moving the districts to take up consolidation and reorganization. And it caused a lot of tension, I think, in the local communities.

Right now, with all the other things on the backs of schools, if we were going to say, go do that again, I think it would just end up being a revolt, (chuckles) because of the, one, the history of that, previously in the state, but then also the fact that we're already dealing with so many other unknowns and also reductions in support, across the whole program.

Pogue: Did anyone in the commission or in the public talk about Article 10 of the Illinois State Constitution and the relationship between local and state support of schools?

Jacoby: No, that was not brought up specifically. I think that has become sort of a back burner kind of issue, given the fact that every sort of legal attempt to try and move in that direction—even the constitutional amendment that was put up in the '80s, that failed—put that to rest, I think. I don't think any more people are talking about the state having to fund 51% of education, in order for them to meet that goal.

I do think there are some other things that are emerging. It wasn't necessarily part of the commission, but the issue of inequity between classes of people, I think, will be the next round of legal battles, because typically you're seeing an association with lower per pupil expenditures in areas of minority population. You know, we talk about that, as school finance experts too, that equity and adequacy are lost right now in Illinois, in terms of key goals. But nobody really talked about that particular issue, in terms of the state's responsibility for funding.



Pogue: When you had the hearings throughout the state, did PTELL (Property Tax Extension Levy Limitation Act) play a role?

Jacoby: There were discussions about, what if a non-PTELL and a PTELL district wanted to consolidate, would they effectively be able to pull themselves out of the property tax limitation act, as a result of that? That would mean that they would be crossing county boundaries. That did come up. That would be an issue that would have to be resolved, if there were to be cross-county consolidations.

Pogue: Was there any interest in combining suburban duals or combining downstate urban areas with outlying schools or breaking up even the largest schools, as your commission began its discussion?

Jacoby: With that last category, in the early information that we received, as a commission, we looked at student performance, related to school size. You actually could make the argument that a smaller school helps students achieve at a higher level and that large districts might benefit from being broken up into smaller districts, if we're really trying to get at student achievement.

Obviously, the small print on that is that, when you're looking at research related to school size and achievement, you're dealing with, not just size, but the nature of the community, as well. So you don't have research, for instance, to compare and say, if you had an urban system like Chicago or Elgin or Rockford, you know, some of the larger urban centers in Illinois... If you had a way to compare them to another system that was different and more successful, you could probably say that there was a benefit there.

But you can't compare a neighborhood in Chicago, which could become its own little small district, to another small district in another part of the State of Illinois, suburban or rural or otherwise, because of the fact that that particular neighborhood or group of neighborhoods is going to bring with it all of its existing socio-economic status, all of its existing culture, its investment or lack thereof in education, all its attendance issues. So I don't think those would be mitigated by the fact that it could be broken down into a smaller unit. And, in fact, in those particular situations, the school itself, most people don't think district. In large systems, they think school. So, I attend this school; I don't attend this district. The nature of the district itself is probably somewhat removed.

So we did spend a lot of time dialoguing about those issues of school size, related to achievement, and actually smaller schools were having better impact on students than larger systems.

Now, we did talk about suburban duals. And again, I've already referenced some of the barriers to that, related to tax rate, salary schedules and so forth. The difficulty with suburban duals has to do with the fact that not

everything is currently aligned. So, for instance, you might have five or six elementary districts that feed into a high school district, but those districts may also feed into other high school districts. So the boundaries aren't aligned. So, essentially, you would have to change all of the elementary boundaries, in order to make that happen, which then causes a whole other set of issues. Or you have to split up current elementary districts into two and then merge them with high school districts. So now you're laying on other levels of consolidation and breakup and dissolution and all those kinds of issues.

Also, the loss of tax rate, the issues with bonding and things like that, most of the suburban high school scenarios didn't talk about concerns with multiple feeders. We thought maybe there was going to be some discussion about, "I wish I had control over those feeders, because their curriculum is not aligned with the high school curriculum." But, in fact, what we heard is that there's a high level of cooperation between elementary feeder districts and a high school district on what they're looking for in terms of student preparation for freshman year in high school. So, again, the need wasn't as profound as some had thought.

Pogue: Well, now that the recommendations have been officially approved, what are the next steps that are to be taken?

Jacoby: We outlined with the commission an implementation plan and listed several legislative recommendations that would be sort of one- to two-year recommendations and others that would be two years and longer.

The list is in the report, but just some of the highlights are allowing non-contiguous reorganizations. We don't see that there's really any reason for the contiguous element to be held as a high value. Expedite the whole issue of district dissolution for districts under 750 students; the step-down on tax and equity for dual to unit conversions, which I discussed previously; requiring efficiency and shared service studies in districts that are struggling financially, which came out of my work group; creating a resource repository for sample contracts and agreements for shared services, and revising those outsourcing restrictions, as well as allowing districts to opt out of certain unfunded mandates. Those are all immediate, more immediate, short-term legislative issues that the commission put forward.

The mid-term ones have to do with requiring efficiency and feasibility studies in districts that reach financial watch; piloting reorganization in schools from a construction program standpoint; looking at that resource management service that my work group recommended and implementing that, as well as a revolving fund for shared services. So, some things in the short-term, some things in the mid- and long-term have been identified by the commission.

Pogue: What did you learn from being on the commission?

Jacoby: I learned, again, that there is a general, very positive interest among districts in doing whatever they can do to provide efficient services to students. I also learned, I think, that there are many more of those initiatives happening throughout Illinois than perhaps what people thought initially. I think that one thing, outside of just the whole topic of the commission, is we kind of learned what the best way for a commission of this type—a single-focus, short-term commission—what the best way for that commission is to be organized to get an effective input from the community throughout Illinois, but then also come up with high quality recommendations.

And I think the collaborative work that Lieutenant Governor Simon put together here was amazing. We took what some would say was a highly politicized and emotionally charged scenario of potential mandated consolidation and turned it into a positive direction for schools, where they can look at different options that exist, or could exist, for them to be more efficient, to actually enter into consolidation-like behaviors or virtual consolidations, without actually having to embrace the full level of a dissolution and consolidation that they thought they might have to. So I thought it was well-done, and I really valued being a part of it.

Pogue: As we close, some of these recommendations looked like they were heading toward a group called P-20 and perhaps to the ROE, the Regional Offices. What is the P-20?

Jacoby: The P-20 Council was established by legislation several years ago, and it has representatives of the k-12 community, but then also the higher ed community, as well as some legislators and other folks. They have their own set of agendas that they're working on, and I've served on a couple of advisory committees for the P-20, one looking at the current school report card. Modifications to that were actually approved by the legislature this last year.

The P-20 Council really ought to be, in Illinois, the venue through which some of these larger policy dialogues take place. So, I think this commission, as well as some other commissions that I've been a part of, have said, "What's the role of the P-20 Council?" They're an ongoing council. They're not like a one-time commission that's going to be done in nine months. Those positions are filled, and those are long-term positions. So shouldn't they be dealing with some of these issues of policy and reform?

I think, in terms of this commission's work, there was a recommendation to establish some P-20 learning pathways that might lead to just a little bit more efficient delivery of services. Also, aligning our curriculums to serve a P-20 perspective; creating technology infrastructure across the P-20 environment, which means you'd involve, not just the k-12

environment, but you'd also would include the community colleges and the colleges in sort of an overarching curriculum and student opportunity to design, and then let members work together to achieve that, as opposed to everybody just sort of being its own separate entity.

So that's what P-20 is, and I think that people hope that it will become the place where a lot of interaction and dialogue will happen to create better efficiencies and more of a consistent instructional environment, across the state.

Pogue: Thank you very much for giving us an insight on your role as a commission member and the activities that were done over the last year. Are there any other thoughts you'd like to leave us with today?

Jacoby: Well, just to say that I think it's important, the work that you're doing, in terms of oral history. I'm on the board of the Geneva History Center in my home community, and we've done some of the same kind of thing on a local and smaller scale. It's so important to get this information from people, at the time that it's happening, because a year from now it will be very difficult to remember all of the elements, even of this commission's work, and obviously, five to ten years from now, you would lose that focus, as well. So I commend the [Abraham] Lincoln [Presidential] Library for its commitment in that and also for your work in going door-to-door here and getting this kind of information from folks associated with school consolidation.

(end of interview)