

Interview with William Phillips

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Interviewer: Philip Pogue

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Pogue: My name is Philip Pogue. We're here at the University of Illinois, Springfield, interviewing Dr. William Phillips regarding school reorganization. That would include the Girard and Virden mergers, which we'll be talking about toward the end of this interview. To start with, Dr. Phillips, would you share your background and experience that you've had related to this topic?

Phillips: My experience probably dates back to 1985, when I started my doctorate degree at the University of Illinois. We were asked, when we started, to pick a topic in which we wanted to become very knowledgeable in and use as the basis for our research for our dissertation. I chose school district reorganization and wrote my dissertation later on this topic.

Probably the main impetus with that was because of my background and where I had grown up, which was in a small rural district, north of Bloomington, called Chenoa. Chenoa always discussed this topic, since it had a small school district. Actually, as the years went on, I actually culminated the study for Chenoa, where they actually consolidated with the neighboring district of Prairie Central. That was my initial interest in the field.

When I first became a superintendent at Belle Valley, in 1989, the consultant that did the search was a Dr. Dean Wiley from Edwardsville, who had done quite a few studies and asked me at the time if I would become a part of his consultant team, specializing in school finance, which I did. For a number of years [I] worked with him and another professor from Edwardsville in doing studies. And then later, they both retired and moved on to other interests in other states, and I continued my interest in studies from that. Since then, I've done forty-five full scale feasibility studies for probably 100 plus school districts in Illinois.

Pogue: Are most of those studies considered rural?

Phillips: I would say, by far the majority. We've had a few studies in suburban areas. The three that come to mind are Bradley-Bourbonnais, which I would consider a suburban area around Kankakee. That probably involved, give or take, 5,000 students. We also did one in west Chicago and Moline. Those were probably the three largest studies in student enrollment that we did. By far the majority of the studies have been in what I would consider rural areas in north, south, east, west.

I've gone as far south as Joppa, which is almost in Kentucky. I've gone as far west as Pittsfield, which is almost in Iowa, and as far east as Hudsonville, which is just about on the border of Indiana. So I've been in districts all over the state but mainly rural districts with enrollments of...total enrollments, put together, of 300 to 2,000.

Pogue: When you talk about these feasibility studies, what basic topics are found in the studies, and why are they important when districts, board members, and the public look at this reorganization consideration?

Phillips: The State Board of Education currently assists in the payment for feasibility studies for consultant teams like mine, which is comprised of three people. Basically, they have to have the same ingredients in order to receive the funds. So these are kind of common, but when they were initially made by the State Board of Education, I did many studies before this money was available, in which case the districts had to pay for them. The ingredients were basically the same.

The basic ingredients in most studies have to do with finances, transportation, enrollment, curriculum. We do projections for enrollment. I do financial projections. We look at the extra-curricular activities, we look at their facilities, and we look at their options, as far as reorganization, of which there are currently eleven approvable methods to reorganize school districts in Illinois.

Pogue: Have these major topics that you just mentioned, changed over the years in importance, or has that been fairly consistent?

Phillips: Actually it's evolved over a period of time. The two basic ingredients, first being the procedures that are available, really encompassed two major methods, I would say, in the '80s and '90s. That was consolidation, which is two districts becoming a single district, or annexation, which is two districts becoming a single district, with one district staying the same and one really going out of existence.

Now there are, of the other methods, three were approved three years ago. I think, of those three methods, there's only one district utilized those three methods. Of the other eleven... For example, deactivation has had very little use, probably less than ten districts, in its entire history. Cooperative high schools has only had one successful implementation.

Annexation, before 1997, was the preferred method because it did not require a referendum, and it was approved by the Regional Board of School Trustees. After 1997, it does require a referendum now. But it still is a very often used procedure for school districts to reorganize because it has different features.

Dissolving the districts happens, but usually that's a last resort, when the districts just absolutely are at the end of their ability to provide services or pay for them. The decision making is removed from them and goes to the regional board. It happens, but that is usually the last resort. In fact, that's what happened at Chenoa.

High school unit conversion is very problematic in that it requires a high school district to be next to a unit district in order to make... The smaller unit would take the high school students and leave the grade school students there in a newly created elementary district. The problem there is that high school districts are not evenly placed throughout the State of Illinois. They tend to be in very specific areas and clustered together. Small units can't take advantage of that, and so that's not been done very often, probably less than five times.

Unit district formation consolidation is by far the most common one and what people assume reorganization is. In the case of Virden and Girard, that's what they did. You take two unit districts, and you make one unit district. Combined school district is the same concept as unit district formation, but only dealing with dual districts. In my forty-five feasibility studies, I've never done one with two high school districts and [have] done very, very few—less than five, certainly—with only elementary districts. It doesn't happen very often that elementaries want to merge with elementaries. I know of no instance when two high school units have ever merged.

Unit to dual, that has only happened one time. That's when you take units, and you convert them to dual district status. In that case, you end up with more than you started with. That's only happened once.

Pogue: Is that the Carthage area?

Phillips: Yes, right. The optional elementary unit, that's where you can make a unit district out of pieces of a dual district, without requiring all pieces to be in. That's only been done once, but in a very peculiar circumstance, in which there was only one elementary district anyway, and they were in the same community. So, basically, that has not been done.

Combined high school unit, that has not been done. That's when you would combine a unit with a neighboring high school. And then multi-unit, which is two units, being able to convert one of them in to a K-8 district, taking the high school students from that one and putting it in the unit. That has also never been done.

So actually, if you take the eleven methods, by far the two that are most heavily utilized—probably in the 85 percent area—would be annexation and consolidation of unit districts.

Pogue: You've explained very well the complicated ways districts can reorganize. Why does Illinois have so many ways?

Phillips: In my opinion, the last three were created. I worked with the State Board and the governor's office who were both interested in the topic. I think the topic comes up again and again and again, and I expect it to be brought forward again as a topic. There's a general conception, I think, with lawmakers and maybe people in the community, especially business people, that it's more efficient to have fewer districts.

Why do we have so many ways? In my opinion they try to give the districts involved more options that they can choose from. The key to reorganization in Illinois, in my opinion, is the merging of the high school populations. Many, many communities are willing to merge their smaller high school populations and more reluctant to deal with losing, or the probability or possibility of losing, their elementary population.

So, several of these options were created to do just that, only deal with the high school populations, and leave an existing school district, an elementary school district, where a unit was, so that they could maintain local control or, at least, the elementary district in their community. I think it's a matter of trying to give the districts in Illinois more flexibility in choosing from one way or another.

I'm sure, if there was a specific circumstance in which two districts wanted to consolidate, I would be absolutely positive that, notwithstanding some legal problems or issues, the legislature would pass it. The legislature historically has wanted this issue to happen and with only one instance has deviated from the optional, non-required, format in Illinois.

Pogue: Why does Illinois have this dual unit situation, which you've explained as part of the ways to reorganize?

Phillips: That's an interesting question, and I've looked at that. Historically, if you go back to World War II, there were 12,000 plus school districts in Illinois. Since my parents were both teachers, and both of them were teachers in one-room schools, and I actually attended a one-room school when I was very young, I'm familiar with that concept. I think that's a carryover of the one-room schools.

It's a carryover of the same concept I mentioned, that people are willing to merge the high school age children but less willing to give up their elementary populations. I think these elementary districts probably evolved from that, that smaller communities could keep elementary populations, yet feed in to a larger, more comprehensive high school. And they felt comfortable with that.

In the United States now, there are very few states which allow this dual district structure, certainly less than five. There are about 15,000 school districts in

the entire United States, and we have 872 of them. So we have a disproportionate share of the school districts that exist in the entire United States. But I think it's just a carryover of the concept of local control and then wanting to keep a smaller base of control, especially over their elementary populations. I think that's why that's continued.

Pogue: You mentioned that there are 872 districts currently. Has there been, in the last ten years, a significant reduction of districts to that 872, or has it been more of a gradual decline?

Phillips: **Very** gradual. I would say, on an annual basis, in the last decade, there's probably not more than three or four reorganizations that are successful each year. There have been some years that have been a little bit more in number, but no watershed year. In fact, before 1997—as I mentioned, that was the watershed year insofar as annexations—prior to that, it didn't require a referendum. There seemed to be more activity with that particular method, using that ability. Now, it's much more small in nature, and not as many districts are doing it.

There's no large year or group of years that has caused a very, very gradual...nothing of any consequence, even though they changed the law. Three years ago, as I said, they added three more methods, and in reality, in three years not a single district has used any of the three methods.

Pogue: What have you seen in the research that talks about school size and district organization patterns? Are there any significant studies that talk about this?

Phillips: Actually, I've looked at that, and part of that is a part of what I give them in an average feasibility study. I actually give them research that I have done and use some of my students, who often write about this topic. In fact, I have a student who wrote this summer about that very topic.

Research says that—and we're looking at high school populations because there was very little definitive research, at any level, concerning elementary populations. That's more dated with class size than district size or high schools. But research says that, basically, school districts that have a high school population of between 500 and 1,200 seem to function better and offer a better curriculum and all the positives that go with high school populations. Over 1,200 gets a little large and cumbersome. Kids get lost in the shuffle. They're not as well known by their teachers. It's harder to be involved in extra-curricular activities.

Below 500—and I would actually go a little bit lower than that—my experience is that, probably below 200 there's a significant drop in course offerings and caliber of teachers that you can hire and the length that they stay, high quality administrators and that sort of thing. So, in my experience, it's between 300 and 1,200 would be a good size for the high school population.

Elementary populations, not very much definitive research on that, more in the area of class size than school size.

Pogue: You've touched on it a little bit, that the reorganization methods have changed over the past ten years. You've also said that sometimes the legislature actually makes it more difficult by going to voter referendum on some, where the board used to have the control. You said that, currently, the two most popular methods were consolidation and ...

Phillips: Annexation.

Pogue: Annexation.

Phillips: Which are structurally different. In an annexation, no new district is created, and one is gone. It could be multiple, but I've never had two districts be annexed by one, although that's theoretically possible. And then consolidation is... Normally we're dealing with unit districts. When we do studies for dual districts, which is the high school and the feeder grade schools, of which we've done several, I've never had one successful. There are built-in issues and problems with dual districts converting to unit status, even though they have made it easier in several, with this new optional elementary.

In the original legislation, if you were going to make a unit district out of the duals, all of the elementary and the high school would have to vote positive to do that. In some cases there are many, many feeder districts to a high school. For example, Belleville High School has ten feeder districts. I know; I was one of the superintendents of one of the feeder districts. So that would require all eleven districts, the ten elementary districts and the high school, to approve that, simultaneously. That would be impossible.

With this new option they have, it helps, but still there are built-in issues. So, the real reorganization in Illinois is basically dealing with unit districts, making some sort of change or consolidation, conversion change, annexation, even dissolution with neighboring districts. That's the heart of consolidation in Illinois.

Pogue: In 1985, there was a big school reform push, and a number of things were included in '85, such as the pre-kindergarten programs, the truant intervention alternative kind of programs, the learning standards, the State beginning its testing of students, but also there was a clause that talked about mandatory school consolidation. Regional superintendents were to have meetings in their area, and... Explain what happened.

Phillips: Essentially what happened was, as a part of this large omnibus education act that you mentioned, part of it dealt with the reorganization issue. For the one and only time that Illinois has ever deviated from the concept of all reorganization being on a voluntary basis, by districts who chose to do this on their own. They deviated from that concept.

The State Board of Education created a study in which some major factors were looked at, one being teachers' salaries, course offerings, stability of school districts, and areas like that. They came up with a research case that consolidation is necessary, based upon enrollment. The law was passed, and the governor signed it. It

required every high school district to have at least 500 students, every elementary to have 1,000, and every unit district to have 1,500.

Now there were some exceptions, called “necessarily small school districts.” Those were basically the few county unit districts we have in Illinois. There are about five of them. There’s one in northern Illinois, Putnam, and there about four in southern Illinois, Hardin County, Pope County and so on and so forth. Those are just simply counties that have very sparse school population, and they made the assumption that further reorganization from them was unnecessary. None of those counties have 1,500 students in their county unit, but they made an exception.

Notwithstanding that, there were two requirements. The first requirement was that every school district had to be a part of a reorganization study, sponsored by the regional superintendent. These were to be paid for by the State. The second part was that you had one year in order to plan. They allowed the school districts one year to do this on their own, to plan for who they would go with, notwithstanding you had to get to those enrollment thresholds.

What happened, politically, was, within six months, the political firestorm that just swept Springfield and so many people up and down the state—and I include the suburban areas, even Cook County, which is filled, by the way, with dual districts. Cook County has 137 school districts, and two of them are units. It’s filled with dual districts—they removed—they being the legislature—after this firestorm of dissent, politically, they removed the requirement that you had to reorganize within a year.

But they left the requirement that you had to be in a study. That was the year that basically the studies really started to be available. They were originally made by the State Board of Education, and then sponsored by consultant teams like mine. Actually—I’ve seen some work on this—not a single reorganization took place in 1985, based upon all those studies done in every single county in Illinois.

However, it did spawn the concept and the issue, and legislators, since 1985, have continued to tweak the law here and there. They added, in 1988, one more incentive. There are currently four financial incentives for districts to do this, and they added a fourth one in 1988. So, the die was cast for more consideration and more thoughtful support, if you will, for reorganization. But after the firestorm and the political backlash that occurred, the legislators have never, never retreated to their position of mandatory reorganization, as has happened in other states. And I think that will continue.

I do not see the State of Illinois going to a mandatory reorganization requirement in the near future. It’s too politically volatile, and it’s just... All areas of the state, people do not want this. If it’s going to happen, reorganization requires a broad base of support in the communities. It can’t just be a few people, influential or not. It has to have **broad** based support. For the politicians or the political groups to try to force them to do that, I think would be counterproductive. Having said that, that doesn’t mean they wouldn’t like to see more consolidation occur, and that’s why they’re having more options.

Now, they have paid all of their incentives with the districts that have consolidated, notwithstanding Governor [Rod] Blagojevich cutting it twice from the budget, and they restored it. The legislature sees this. Things could change. I hear of another task force coming up—and I've been on several—where they're going to talk about it again.

If they ask me my opinion on how to accelerate it, I could give them some suggestions on how to accelerate it. But it won't be cheap, and right now is not a good time to spend more money on this issue. So, they'll just have to decide.

Pogue: You mentioned incentives. One was added in 1988. What are the incentives for schools to merge?

Phillips: The four major incentives: The first one has to do with general state aid. In most instances it is a non-issue because there's not a large change. The State Board will recalculate your general state aid for four years, after a successful consolidation, annexation or deactivation, whatever. The best of the calculations—the calculations being as you were separately, previous, and the new district—you get the best of the calculations for four years.

Pogue: And could you explain a little bit what General State Aid is?

Phillips: General State Aid is the largest State line item. For many rural districts especially, it's probably one of the larger revenue sources, other than property taxes. The money received by school districts is based in large part upon their attendance and the property value that's within the district, the concept being that, if you already are generating a lot of property tax money within your school district, you're going to need less reliance on State assistance. That's what General State Aid is supposed to be, the equalizing factor, which it does to some degree, not to the degree that a lot of people think it does; it does not.

It's a very large revenue source for school districts. If you're going to lose a lot of General State Aid it's a very large issue, even though it's going to be received by the district for four years afterwards, they have to compensate that.

Pogue: And then what are the other three?

Phillips: The second one has to do with teachers' salaries. Every single school district in Illinois has different teachers' salary schedules. I think probably 97% of the school districts bargain collectively, so they all have different salary schedules.

When you consolidate districts, all of the teacher bargaining collective agreements are all nullified, and you have to begin to bargain all over. This particular incentive simply says that, if I'm a teacher in an old district, and I am to become a part of a new district, the difference between my old salary and whatever is negotiated in the new salary will be paid by the State for four years. In many cases, depending upon if you have a rich neighbor, this can be a very significant change in salary, can be a significant increase for some teachers. And for four years the State will pay for that.

Sometimes, especially in dual districts, oddly enough, when they recalculate General State Aid, dual districts tend to get more if they were a unit. That compensates for the large factor of salary which... Usually, between the high school and feeder districts, there's a large difference in salary and [General State Aid] sometimes compensates for that. So the teachers' salaries are paid—the differences—for four years.

The third one has to do with operational debt. This is not bonded debt, but operational debt. This is simply your balances in your major operating funds, education, building, transportation, working cash. They make a one-time calculation. For example, if two districts were to consolidate, and one had a very large operational debt, the other district would be reticent to assume their debt that they had accumulated over whatever period of time. So the State will make you whole—the new district—one time after the new district is formed. They will pay that operational debt and bring you up to even status.

The fourth one is what I call the \$4,000 incentive. That's the one that came in 1988. That's very simply, for every full-time, certified person that is employed in a brand new district, that's created in any of those methods, you get \$4,000 a year. It can be for three years. It's on a sliding scale that the State Board has created, called the "quintile system." Normally, it would be one year you'll get of this \$4,000 for every one of these members of the new district, or two years... Actually, the new legislation for coop high schools requires that they get all three years, which is unusual, and I'm not sure how that happened, but that's fine.

So they can get that \$4,000 for a minimum of one and a maximum of three [years], based upon a formula that the State Board has.

Pogue: Just a couple of follow-ups to these four incentives, you talked about operating debt. Then you said there's bonded debt. Could you explain the bonded debt. And does your study include that, how districts best handle that, or is that then up to the merging districts to consider how they're going to deal with that?

Phillips: Essentially the law says, in any consolidation, the bonded debt stays with the original school district. In any one of these methods, if two districts become one or three become one, whatever bonded debt was amassed by the district that went into this, stays with that district.

Now, what is bonded debt? Bonded debt is simply long term debt that districts sell. They sell bonds for various purposes, building buildings, working cash, whatever. There's various vehicles that you can use to get this bonded debt, but essentially it's when districts get money up front and use it for whatever purpose and then pay it back over a period of years, much like buying a house.

Normally the only exception to the rule is if districts voluntarily choose to blend their bonded debt, and that's very rare. In fact, I only know of one case, and oddly enough, that's Virden and Girard who did that. That decision was made, to blend the bonded debt that both of the districts had, which was very similar in size

and scope, by the way, so that the new district **assumed** the complete bonded debt of the two old districts.

Normally what would happen is that the new district itself would not have any bonded debt until it itself sold bonds, which would be spread out over the entire new district. Normally the bonded debt would stay with the original school districts, to be paid for. That was voluntarily on the referendum that they put, and it passed, and that's what they've done, very rare to do that.

Pogue: The other question deals with the \$4,000. You mentioned that it's a sliding scale. How would district superintendents or business managers know what they're entitled to the next year?

Phillips: Two things. As part of our feasibility study—that's always part of it—I simply get the information from the State Board. These are not calculations that our consultant team makes. I simply give the State Board of Education the circumstances, and they give me the calculations that go into it. They'll give me the exact amount. If there was any money from the deficit reduction or the deficit payment, they would determine how much that is. They go back to the previous year's audited fund balances, the same with General State Aid and so forth.

That is all predetermined by the State Board and is not part of our calculations. but it is included, and any superintendent could probably get that information from the State Board by simply inquiring. It would change, of course, every year because different circumstances change every year. That information is all available in our studies, but it's easily available to any superintendent or board that would inquire with the State Board of Education. They would make those calculations and give them to you.

Pogue: You mentioned certified staff. You did not mention non-certified. They are not included then with the incentives?

Phillips: No, they are not included with the incentives. That's one of the things that I think probably would accelerate interest for school districts is to have some sort of consideration for the merging of non-certified employees, as well as certified.

There is something new for the non-certified people. Previous to about two years ago, these were all at-will employees, and the new district would simply pick the employees that it wanted to keep in the non-certified area. Now they have to merge what's called the seniority lists. Seniority lists are made for certified people and also non-certified employees, and these are called educational support personnel.

So, they simply... Now the new school district would have to look at the merging of the seniority list. For example, if you indeed needed fewer custodians than you had in the two previous districts, when you merge the lists, you would have to be reduced by seniority, when you were hired. That's the only job protection that they currently have is this merging of the seniority lists. If indeed you do need fewer of them, you have to do it with a merged list rather than both of the separate ones.

Pogue: Are there any barriers to these incentives?

Phillips: Not necessarily. I'm often asked that because of this precarious financial time, especially when the State of Illinois is not making their payments on time, as they have in the last fiscal year and projected again this year. There's a great deal of consternation with school districts that are considering consolidation, on whether or not they would get their money. I inquire about this on a routine basis with the State Board, and they have; they have received their money, generally on time. It may be a little bit late, but the money is coming. So I would say, as far as barriers to getting the money, no, other than there's just a general perception that the State is less than forthcoming in paying the money that they promised school districts already, on time, and they just lump these incentives with them. But for some reason, the State seems to think this is a priority, and these are being paid pretty well on time. They're a little late.

Now the four incentives, one is just one time, and then two of them are for four years, and then one is from one to three years. They come at different portions of the year and different times in the four years. You have to kind of know that, and I lay that out for the people who utilize my studies, tell them approximately when you're going to get this money, assuming the State, of course, is going to pay you when they say they do. That's probably the issue now. Is the general trust in the State Board paying their debts, including this?

Pogue: Going back to the 1985 legislation and the regional hearings, I was in a district that bordered Indiana, and when we had our hearing, we said that if we were going to consolidate with anyone, it would be with South Newton, Indiana, because they had new school buildings and they had the facilities. Indiana included that in their push to consolidate.

Illinois has a separate program for school construction. I believe, in some of the issues of consolidation, you could throw in buildings that are needed, but it's a separate program. Are there other incentives that other states use to help with the idea of mergers that Illinois has not tackled, other than this school construction?

Phillips: I would say the non-certified issue, which I just spoke about, I think is included in some states. They somehow come up with some sort of compensation for the disparity in salaries for non-certified employees when districts merge. A lot of this is based upon district size. Larger districts pay higher salaries. They just do.

I would say what you're talking about actually could be solved with simply keeping the existing structure we have now for school buildings but giving reorganization a priority. You wouldn't have to create a brand new program for this, but if your reorganization would require the construction of a new building, especially a high school building—that's the merging of most populations in all of our studies—if we merge populations, it's almost always high schools. We try as much as we can to leave existing grade schools or junior highs there, if we can, and in most circumstances we can.

But there are some districts that just require a new high school. For example, we did a study last year in Christopher and Zeigler-Royalton, which is in southern Illinois, south of Mt. Vernon. To merge those two populations, you would have to

have a new high school. I am sure that, if the State Board would just give them priority status for entrance on the Capital Development Board—elevate them and give them what they would normally give if they were going to build it on their own—I think that would accelerate reorganization, probably five-fold in Illinois.

Pogue: Is there a reason that they are separate?

Phillips: I've certainly recommended that on several task forces. I've indicated that to legislators, and at some time, there seems to be legislators who are very sympathetic and feel that's a good idea. If I get asked again, I'm going to mention it again, and also the non-certified. The non-certified is a little bit harder because that's money for personnel. The building of buildings and the capital facilities seems to be a little easier swallow sometimes for politicians than salaries. But I think it can be very simply done, with just a few basic requirements.

You're throwing in a **real** carrot, if you will, a real financial boost or incentive, for districts to reorganize. As I said before, the heart of reorganization is the merging of high school populations anyway. If you can give them a facility, built in to the successful voting for this, you are going to see a large increase in districts interested in this concept. I'm just absolutely positive of it.

As to why they don't do it or why they haven't historically, I'm not sure I can answer that. It seems to go in cycles, but I see another one coming. There was one three years ago, and I mentioned that to them then. They chose to kind of pick and choose some things that I mentioned and not that one. But I think that's a key. I think it's just an absolute. It's a lock that can be unlocked to, I think, spur reorganization in Illinois, especially in the areas with small high school populations. I think that's what they're thinking about.

We're not talking about Bradley-Bourbonnais and West Chicago here or Moline. We're talking about Christopher and Zeigler, those kind of communities, where it would mean so much, and you're going to get done what a lot of people want to get done anyway.

Pogue: Going to the issue of the studies that you've done—and you've done well over forty—what types of questions are generated from boards, teachers, administrators and public? What are the most common kinds of questions?

Phillips: After our presentations we make to boards and communities, I personally think curriculum considerations are a prime importance, but it never seems to work out that way. The prime considerations for boards and communities deal with where will my child go to school? What is the distance? What—and very, very important—what will be the new tax rate? That's probably... If there's one that overshadows all of the other considerations, it's what will my taxes be in the new district, compared to what they are now? And somewhat a consideration, what will be the positive impact of a reorganization?

In many areas, not so much in Illinois, transportation becomes a huge negative for reorganization, especially in the western states, where the distances

involved is really great and requires long distances for children to be on a bus. It's a huge negative. Most of our studies are not precluded from being considered simply because of transportation distances when you merge districts.

I would say the issue of where the high school is going to be located is a **huge** issue. That has been the definitive issue with, certainly, ten to fifteen of my reorganization mergers. Two communities very similar in size, very similar in makeup of their communities, very close to each other, one will have a high school; one won't. Sometimes it's a little easier because one facility simply can't absorb both, and there's really no doubt which one would have to do it. And sometimes there isn't, and either would be okay. I've had instances where we do the study, and the community seems ready to sit down and discuss it. As soon as they'd decide where the high school's going to be—now we make a recommendation, but, of course, they can do as they please—then that completely negates the positive impetus or enthusiasm that was generated because one community has the high school, and the other doesn't.

The other is, I think, a perception that, if you don't have a high school in your community... The high schools tend to be the center of recreation, the center of interest. For many rural communities, your high school is your community; it's the basis of it, your identity, if you will, the Bearcats or the Redbirds or whatever. And when that's gone, they see a loss, even like property values. "Well, no one will want to live in our community if we don't have a high school," which is exactly the scenario that Chenoa faced.

They were going to lose their high school to a community ten miles away, go to a brand new facility, which they would never have to pay for, but they would lose their identity. It was gut-wrenching for them to bear the concept of not having a high school and basketball games and football games in their community. That's a tough one.

So, the location of the high school can sometimes be a **prime** factor in whether people are supportive of this. I would say that and the tax rate, sometimes the distances between buildings, whether or not you're going to be able to combine buildings, close some buildings, and so on and so forth, is a consideration. But those seem to be the bigger ones, rather than what courses are going to be offered or could be offered in a new district, compared to what we have now? What extra-curricular activities could you have in a new district [that] we don't have now? Which I consider to be more important.

Pogue: Normally in your studies, your procedure is that you present the studies to the two or three boards of education or each board, and you go through it with them. What else are you usually doing in providing information tied to your study? What else have you been asked to do?

Phillips: After the study is completed, we proceed as the districts combined want us to proceed. Normally it would be a combined meeting, and the public is invited to hear that. We would give the presentation. The superintendents would get an initial review of the study for any sort of mistakes we've made or things we need to

change. Then once we get it, we make a public presentation. We explain it, the different parts that each of the consultants do. Then we have open, free comment from either board members or the audience. Sometimes this can take hours, and they have a lot of questions.

Now, you have to remember that this is the first time that a lot of the people in the community, especially—maybe sometimes the board members have seen it a little earlier—have about this. On other occasions, I'm asked to come back. "Now we've heard the study, but we want to ask **more** questions." This has generated more questions.

Today I got an email from a board member about a study we completed a month ago, and he still has questions, which is fine. We tell them—at least my consultant teams—that we're not going to just cut you loose once we're done with the study. We will continue to assist you in whatever way we can. If there's something else you need or want from us, some other calculation or some other advice or recommendations from us, we'll be glad to give it. But, of course, there's no requirement.

We have to make a recommendation as to what method to use. The State Board requires us to do that. But, of course, that doesn't obligate the districts to use that method. Most often they do, but some of them have chosen something different to do. Some of them have even chosen... We do a study for two districts, and one is interested, and the other isn't, and they choose a different partner, which has happened.

The case of Virden and Girard is a classic example. They, back to back, had multiple studies with neighboring districts. One is Carlinville, that Girard did a study with initially. Then, right after that, they did a study with Virden. So really, the pivot was Girard again because they were involved in both studies. Of course, Carlinville and Virden were different scenarios, different situations and so on and so forth. But they did them back to back. That happened at Gridley. [They] did the same thing with El Paso and Chenoa and Lexington.

So it happens sometimes like that, where a district will kind of look at more options than one, all at once. We've even gone back to the same district, "Well, we looked at this concept the first time. Now, two years later, let's look at this group of districts" and so on and so forth. We occasionally do that. Or maybe, "You recommended a consolidation, but we're more interested in an annexation. What's the difference?" That's all explained in the feasibility study, but sometimes they need more, and I'm glad to do that, or any member of the team.

Pogue: Once districts do reorganize, what seem to be the big hurdles facing those districts? Do you have any follow-up from your studies on that, or is that something you present?

Phillips: I'm glad you mentioned that. One of my colleagues, Dr. Scott Day, is writing a paper on that, as we speak. The issue there is that he went back and interviewed superintendents of districts that had successfully merged in different methods,

different places in Illinois. The questions he asked were just what you mentioned. “What did you do that if you had to do it again, you would do different?” “What were the pluses and minuses?” “What are some things that you would recommend that anyone that is considering this include in your list?”

I think he has compiled a list or a sort of a game plan or a strategy or things that you should probably want to be aware of and look at, either before the process, when they went through theirs, or after. For example, mascots, trophies. Those were all much more important than you can imagine, and picking out the new name for the school district—that’s a very large consideration—and how would you do that? Tearing down old high schools, things like that. But we are looking at that, and we’re trying to include that. In fact, we’re looking at writing a book about it, which would be sort of a manual for school districts that are interested in reorganization, and that would be included, that kind of information, in there.

Pogue: When you do a study, are there any key factors that would lead you to recommend not merging?

Phillips: As a matter of fact, we have recommended, in my recollection, three times not to merge school districts. There are times when your existing situation just...and the interests of the public and all those factors together, do not generate a large enough rationale to do that. The most recent one was in East Alton.

We looked at East Alton-Wood River High School and its two feeder districts. We looked at all the same factors we looked at, and we just came to the conclusion that there were no glaring improvements or reasons to consider. Of course, they can if they want, and some people are, which is fine. We have the information for them to do that. But we, as the team, didn’t see that bedrock of support that you have to have, that general support and enthusiasm for that concept from the board or from the community. There was very little curriculum changes. The high school curriculum wouldn’t have changed. The building would have been the same. There would have been no facility changes in either of the districts. Salaries were very similar. There weren’t the ingredients of merging high school populations, which is good; maybe lowering of tax rate, which is good; and other factors like that. They were not there. Oddly enough, they generally let it be in the situation of making units out of duals. But it does happen, not too often, but it does. Sometimes, as I understand, some people in East Alton and Wood River are going to pursue that. That’s fine, and I’ll be glad to help them. That’s really up to them. So it does happen, but not often.

Pogue: What involvement did you have in the Virden-Girard merger? You indicated you did a feasibility study. What kind of role did you have, once that study was completed?

Phillips: Really, once the studies are completed, we back out of the picture, unless the districts ask us to continue to assist them in any manner. We offer the assistance. In my recollection, I do not think Virden and Girard utilized us after the study was completed. They had—from what I’ve read, and I try to keep newspaper articles about districts—they had a very active group of people in Virden and a somewhat smaller group of people in Girard that supported this. They immediately took our

study, and in fact, I think they were underway, having meetings before our study was even done, which is also very unusual.

They utilized the method of citizen petitions to bring this to the vote, rather than board resolutions, which is also unusual, but certainly that's... The board at Girard, at the time, did not support the merger. The board at Virden did. So they used the citizen petition route, which is fine. That was a little unusual, but... After the study, we really had no active part in it.

A couple of the unusual features of the Girard-Virden one was that, as I said before, their bonded debt was comingled, and they did that in the referendum itself, so that actually had to be voted on. Both groups of voters decided... For example, the voters in Girard assumed the bonded debt of Virden and vice versa, very unusual. They kept both superintendents; both had multi-year agreements. In many cases when that happens, one or both of the superintendents will retire, do something different, go somewhere else, whatever. In this case, they both stayed. One is the superintendent; one is the assistant now.

It's a little unusual, but multi-year agreements have to be honored by the new district, and they did. And as I said before, they used this citizen petition resolution route, rather than board resolution. That's pretty rare, although it's certainly available. I tell them that you have that option, "You don't have to have board approval to go ahead and bring this to a vote," and they didn't, even though the board at Girard was fairly vocal in their opposition. Sometimes that's unusual. To have the board's being against it, and it's still passing, indicated the large bedrock of support from the people in the community that [felt] this was a good thing, notwithstanding the board.

Pogue: In your study of the two districts, were the findings or the items that you presented very similar to what your other studies have been?

Phillips: Yes. There were no really unusual factors, no tax rates that would have been wildly increased or decreased. Both of their tax rates were very, very similar. I'm not sure what they ended up for a tax rate, but their current ones were very, very close, so there was no... Sometimes when you have multiple districts, somebody will have to increase their taxes, and someone might have a shot at reducing theirs. I don't think either of those happened here.

They used our recommendation as far as the facilities—which district had the high school, which had the junior high—which is usually what you'd do with existing districts, where they have high schools back to back of similar size. The unusual thing with Virden and Girard was the very, very vocal, and I would say, enthusiasm, presented by the communities themselves, which was embodied later, probably in their Committee of Ten. We haven't discussed that, but that's ten citizens that present a resolution to the regional superintendent. They sort of shepherd the petition. And if there's any changes to the petition, the Committee of Ten makes it, rather than the school boards. They also have one other important function, and that's to set the new tax rate that's going to be voted on.

I'm sure the Committee of Ten was the one that came up with the conclusion of blending their bonded debt. What goes on the referendum then is really controlled by this Committee of Ten, rather than the existing school boards. And they [the Committee of Ten] were very, very enthusiastic about this, had many, many meetings. There were other people that came to talk to them. I personally did not, but I know people that went to talk to them about various questions and issues. They had a lot of meetings, a lot of discussion with people from Girard. So that's unusual. A lot of times that doesn't happen, at least not that quickly, and sometimes not at all. They were very, very enthusiastic about it. I saw great grassroots support, at least in Virden, and Girard too, later, for this proposition.

Pogue: Related to a couple of questions from your studies, you indicated earlier that you feel that research shows that, if a high school has a certain number of students and the district has a certain number of students, that is beneficial. Did Virden and Girard meet that requirement?

Phillips: Yes, they did. Both of them are what I would call a medium to small school district. I think their high school population probably ranged from 125 to 175 each. Merging them gave them close to 300, which I think enables them to have enough student population to offer a much more comprehensive high school curriculum, didn't require the construction of new facilities, didn't require a large change in tax structure. So the basic ingredients were there and then some, because what I saw in Virden and Girard was, as I said before, this bedrock of grassroots support for doing this.

Many times this has to be engendered by the Committee of Ten or the school boards or other people who have to almost convince the people in the community that this is something that they ought to consider to vote for because [for] a lot of people in the communities, this is a gut-wrenching activity, to change tradition. "What if we don't have anybody on this new school board? We have no voice in the new school district." "How can we do that? How can we guarantee that?" Things like that. "My son is an average athlete. In this community he'll certainly be playing for this team, but if we merge it with a high school, and they're twice as big, he may not make the team." Is that a factor? It certainly is.

And [there's] the factor I call the "dust in the street" syndrome. "If we don't have a high school in our community, nobody will want to come here, and our community will just wither. Who will want to be in a community that doesn't support its own high school or even have a high school; they have to go somewhere ten miles away." My answer to that is that I tell them that "You're thinking as an adult, and you should be thinking for the benefit of the kids, because the kids are certainly going to benefit. You may be worried about your property value, and you may be worried that you can't go to a game in your local community, but you can go to one ten miles away, and no more Redbirds. But think of what you may offer the kids." That's always my closing statement. I said, "You have to consider this from their point of view. Who are the people that you're thinking about here? It's the kids, and if you think this is a good thing for kids, then you should do it. And if it doesn't, then don't."

Pogue: When you looked at that Virden-Girard study, there had been earlier studies tied to these two districts, even going probably back to the '60s or '70s. Were any of them useful or just part of the history of the two looking together?

Phillips: We look at those if they have them. It's just something we ask for. We ask them for a lot of documents, and if they have something, we look at it. We don't incorporate it into our study, or it really doesn't have anything to do with what we do, we would project, we would recommend. It's just an informational item that they have. It simply indicates to me that this has been an ongoing issue, and they've looked at it previously. Maybe the circumstances now are different than they were ten years ago; maybe there is more support.

One issue that generally comes up in central and southern Illinois, which is different now than ten years ago, is enrollment. Enrollment is dropping in nearly every downstate school district. That is a huge issue, curriculum-wise, facility-wise, and certainly financially. This loss of enrollment probably is the impetus for a lot of districts looking at it. I'm sure Chenoa, if they would have had the enrollment they had when I went to high school there, in the mid-'60s, wouldn't have been... All the things that I saw when I went to Chenoa, when we did the study, were not present in the '60s. Part of it was other factors, but a lot of it was this loss of enrollment and that, that is the basic impetus for a lot of districts looking at it because the effects of that are inescapable for communities. They cannot compensate for it, except with very large tax rates to support less money coming into the school district, less resources, and so on and so forth, combination this, consolidate, you know. That is what's different now than before.

Pogue: Were there any other important findings of the Virden-Girard study that we haven't talked about?

Phillips: I don't think so. I think, other than the factors I talked about, the Virden-Girard study is very, very atypical of studies that we do, two neighboring unit districts, neighboring communities, fairly close together, fairly similar in size, the same makeup, if you will, as far as the communities themselves. The facilities were not too much different. There weren't new facilities in one and aged ones in the other. Their facilities had been kept up nicely, both of them. I think the loss of enrollment simply aggravated the issue of consolidation and brought it up quicker. Their taxes were being elevated to pay for things now that they didn't have to do later or earlier. It's very, very typical.

The distinguishing factors was that the grassroots support, the immediate Committee of Ten, heavy responsibility, really without the utilization of the school board and the cooperation in the Girard district. That's unusual. I mean, that was a little different for them but very, very atypical of what we see, two unit districts. That's normally what they look at, even though...

If you have a larger district and a smaller district, many times they look at annexation then, and the smaller one goes out of existence, and the bigger one simply absorbs them. If you have two that are basically the same, then they want to consolidate. If you have a district that has 300 students, and you have one that has

750, then you're looking at a major and minor partner. Then, many times, you look at annexation rather than consolidation. That's what happens.

We're doing that now with Arthur and Lovington. The people in Lovington would still like to consider consolidation, but Arthur wouldn't consider that. So they're moving to this annexation. In this case, the people in Lovington would receive about a 30 percent reduction in property taxes, overnight, if they were to utilize this method. Their kids would go to a high school three times the size they have now, very close. They're already co-oping in sports now. It's a difficult decision. You would think, My gosh, a thirty percent reduction in taxes, that big a curricular improvement, that close with neighboring communities? Still it's difficult.

Pogue: As far as, not just Virden and Girard, but any school that consolidates, you have indicated that future problems could be this declining enrollment of downstate schools, the fact that construction was not part of the whole package, and having to live without the incentives after a few years, that you have to somewhat get your house in order and maybe make some decisions that you're postponing up front. Are there any other major issues?

Phillips: Other than the non-certified equalization, which would certainly, I think, be a large, additional, positive factor, if districts could somehow be compensated for the difference in salaries that they're going to face in non-certified people when they merge them. Sometimes this can be a very large difference and sometimes a smaller difference, but it is a difference. I would say that would be huge. In some cases, this facility construction issue is huge, others it isn't. I would say—and this is not really a reorganization issue—the current perception of the State of Illinois paying its debts is just very negative right now. And districts that might be considering it are just worried that the State is going to do what they say they will do because they're not doing what they have promised now, financially. There's that trust perception that's out there.

Pogue: You mentioned, as we wrap up, that probably reorganization legislation may be coming up in the near future, but there's no specific.

Phillips: No. Usually I kind of deal a lot with the legislature being here in Springfield and so on and so forth and especially with legislation dealing with reorganization. I've been on a lot of task forces over the past twenty years to discuss this issue, along with other people. You never quite know what they're interested in, but I do think there are legislators now... I've been approached by several on sort of an informal basis to kind of bring them up to speed about reorganization. I anticipate it will be discussed again. I further anticipate that, if they do it, they'll keep it in the non-mandatory area. They're not going to go back to the mandatory minimum enrollments and so on and so forth. I think if we give them a few suggestions to try to accelerate it, I think there's every reasonable...

There's another one that I call a disincentive, that can be easily fixed, and this only has to do with dual districts. There's a taxing difference between dual districts. For example, if you're a high school district, you levy working cash for a nickel. And the elementary district levies a working cash. If you become a unit

district, you levy a nickel in working cash, so that's a loss. Really, it would make sense that a unit district would be able to levy what an elementary and a high school can levy collectively. But there are some differences there.

There are four funds like that, that are not synchronized, can be easily synchronized, and I think they should be anyway. That's not a large issue, but it is an issue. I mean, there are smaller things like that, that I think could be easily incorporated in to legislation and could be passed. The only two that would cost money is non-certified and moving them up on capital development.

Pogue: You talked about the four funds. As I recall, the 1985 legislation allowed units to move up in transportation, education and operation and maintenance, over a period of time.

Phillips: That's all been done now. That's all over now. They have synchronized the taxing rates for the education and building fund. They have not synchronized the tax rates between duals for transportation, life safety, lease fund and the working cash fund. If you add those up, it's nineteen cents in taxing authority that you lose, simply by converting to a unit district. Nineteen cents is whatever that would generate for a school district, but you don't want to lose taxing authority, and it really should be synchronized anyway. They stopped after doing the first two; I don't know why, but they did. It's been there since then.

Pogue: As we conclude, are there any people from the State Board of Education or legislators or other officials whom you consider to be pioneers of school reorganization over the last twenty-five, thirty years?

Phillips: Probably Calvin Jackson would be the most notable figure, his longevity as a district superintendent, as a mentor for superintendents. He's still a mentor for superintendents. Boards across the state still look to him for advice and leadership in this area, and he willingly gives it. I would say, in that arena, he would probably stand out.

As far as legislators, I can't think of anyone in particular who has championed that issue more than others or to the exclusion of other things. State Board, the only person that comes to mind is Bill Hendricks, who used to do the general state aid for the State Board. He was very knowledgeable on reorganization in several of my task forces. He's since retired, but he was very, very knowledgeable and instrumental in dealing with some complicated factors.

He wrote an interesting dissertation on reorganization too. I read it, and I would say he was **very** knowledgeable. You'd have to go back even farther; when the State Board had more personnel devoted to it, they used to generate more reports about what has been going on and what's going on and so forth. Those are all gone. All you get now is a few pamphlets.

There's one person in part and another person who deals with it on a part-time basis that deals with those questions, exclusively, for the State Board, very, very scarce resources from the State Board. So it sometimes falls to people like me,

who simply has been in this arena and interested in this topic for a long time, to kind of pick up the slack. I try to help. I would say Calvin Jackson would be the single most notable figure in reorganization in Illinois in the past twenty-five years.

Pogue: Well, this interview is on October 27, 2010. This has been Phil Pogue, interviewing Dr. William Phillips. Is there anything else you would like to add at this time, before we conclude?

Phillips: I don't think so, other than to thank you, Phil, for the opportunity to sit down and discuss the issue. I think it's important for Illinois. It's an issue that comes up every single year, and we talk and talk and talk about how to get things done. It's going at a snail's pace. Things are just not going. I don't think there's enough discussion about it. If you looked at the basic issues, I think, with not a whole lot of resources and not a whole lot of legislative support, I think more could be done. I think politicians and I think school district administrators need to know more about it. It's a complicated topic.

Most attorneys don't even get in to the nuances of this unless they're required to do it. I know very few attorneys that are very skilled in this. It's just an area that's interesting, that needs to be discussed more. There's not a whole lot of activity in it now, and we're kind of on hold. But I do see it as important, and I appreciate the chance to talk about my experiences in this area.

Pogue: Again, thank you for the information and for the opportunity to talk about school reorganization methods, the studies and also, in particular, the Virden and Girard story.

Phillips: My pleasure, my pleasure indeed.

(end of transcript)