



Explainer: Local Government Consolidation

by Lily Padula

With nearly 9,000 local governments, Illinois is among the most fragmented states in the nation. Government consolidation is frequently proposed as a mechanism to improve efficiency, accountability, and fiscal sustainability. In practice, however, consolidation is not a single policy choice but a range of approaches based on need, from full mergers and dissolutions to narrower efforts such as shared services or the combination of specific functions across governments.

Governments pursue consolidation for many reasons, including fiscal stress, administrative duplication, workforce capacity constraints, technology demands, and the desire to improve service quality and consistency. While consolidation is often framed as a cost-saving strategy, savings are neither automatic nor universal. The potential for cost reductions depends on which services are involved, how they are structured, and how implementation is managed. Research suggests that consolidation is most effective when it is targeted, function-specific, and supported by clear governance, implementation, and accountability structures. Shared services and narrow forms of consolidation are more likely to produce efficiencies than broad structural mergers. In many cases, the most significant benefits of consolidation are improved administrative capacity, coordination, and transparency rather than immediate or large fiscal savings.

Conversely, broad or poorly planned consolidation efforts often fall short. High transition costs, including legal restructuring, technology integration, and staffing changes, can offset anticipated savings. Implementation complexity, service disruption risks, and concerns about equity and representation can further limit effectiveness, particularly when consolidation is pursued without clearly defined goals or structures.

Illinois has generally pursued consolidation through a piecemeal, locally driven approach. State policy has focused on reducing procedural barriers and enabling consolidation where local governments and voters choose to pursue it, rather than mandating change. As a result, consolidation activity in Illinois has been relatively limited and has largely taken the form of shared services, selective special district dissolution, and, in some cases, school district mergers where fiscal or capacity pressures are clear.

Overall, consolidation should be seen as one tool among many for improving government performance, not a comprehensive solution. Its effectiveness relies on clearly defining the problem to be solved, selecting the appropriate approach, and carefully planning for costs, risks, and governance implications. For policymakers and stakeholders, the key question is not whether consolidation is inherently beneficial, but whether it is the right tool for a specific context.

