

Board of Education Meeting Recap

The Township High School District 211 Board of Education met on Thursday, August 17, 2017, in the Anne Koller Board Meeting Room at the G.A. McElroy Administration Center. The following is a recap of important items that were acted upon at the meeting.

Introduction of Newly Appointed, Promoted, or Transferred Administrators

Newly appointed, promoted, or transferred administrators were introduced to the Board of Education:

Luis Arroyo, 10-month assistant principal, Palatine High School
Jordan Catapano, 10-month assistant principal, James B. Conant High School
Whitney Gbur, dean of students, Schaumburg High School
Kimberly Glaser, 12-month assistant principal, William Fremd High School
Erik Hauser, dean of students, James B. Conant High School
Mark Langer, 12-month assistant principal, James B. Conant High School
Hamid Mehreioskouei, 10-month assistant principal, William Fremd High School
Diana Mikelski, director of transportation
Thomas Mocon, 12-month assistant principal, James B. Conant High School
Michele Napier, 10-month assistant principal, Schaumburg High School
Justin Onayemi, 10-month assistant principal, Hoffman Estates High School
Tiffany Reagan, 10-month assistant principal, William Fremd High School
Mary Kate Smith, dean of students, Hoffman Estates High School
John Volgi, dean of students, Palatine High School
Martin Zacharia, dean of students, William Fremd High School

Presentation: Tentative Budget for 2017-2018

Chief Operating Officer **Lauren Hummel** and Controller and Treasurer **Barbara Peterson** presented an overview of the [2017-2018 Tentative Budget](#) to the Board of Education.

Approval of Minutes

The Board of Education approved the minutes from its regular meeting on [July 20, 2017](#), and the special meeting on [August 3, 2017](#).

Parent Open House Date

The Board of Education received information on the Parent Open House date and times for District 211 schools. Open Houses will be held on Thursday, August 31, 2017, at the following times:

District 211 North Campus: 5:30 - 7:30 p.m.
Higgins Education Center: 5:30 - 7:30 p.m.
James B. Conant High School: 7:00 - 9:00 p.m.
William Fremd High School: 7:00 - 9:00 p.m.
Hoffman Estates High School: 7:00 - 9:00 p.m.
Palatine High School: 7:00 - 9:00 p.m.
Schaumburg High School: 7:00 - 9:00 p.m.

Proposed Policy Revision

As part of its ongoing Policy Manual review, the Board of Education reviews proposed policy revisions, proposed policy deletions, and proposed new policies from the Administrative Board Policy Group. The Group is comprised of Board President **Mucia Burke**, Board Member **Robert LeFevre**, Associate Superintendent **Lisa Small**, Director of Administrative Services **Matthew Hildebrand**, and Assistant to the Superintendent **Kathe Lingl**.

The Board approved a proposed policy revision to Board policy file: [IKAB Student Progress Reports to Parents](#), after initially reviewing the revision at its July 20, 2017 meeting.

2017-2018 Tentative Budget

The Board of Education approved the 2017-2018 Tentative Budget as presented. The Tentative Budget is available on the District 211 website for public inspection for a minimum of 30 days. Further, a public hearing will be held at the September 28, 2017 Board of Education meeting, and adoption of the budget must be completed by September 30, 2017.

The Tentative Budget represents the finance and operations plan that supports District 211's instructional program. The Tentative Budget was developed in accordance with the Illinois Program Accounting Manual and presents revenue and expenditures by category and fund.

The following budget parameters were established and incorporated into the 2017-2018 budget development process:

- Maintain a balanced budget in accordance with the School Code (105 ILCS 5/17-1)
- Allocate expenses associated with achieving District academic goals
- Maintain a minimum 33.3% fund balance within the Educational Fund and the combined operating funds
- Operate within the parameters of a 0.3% levy increase from the 2016 levy amount
- Utilize \$2.7 million of existing Working Cash reserves to reduce the levy in the Debt Service Fund as approved with the 2016 levy
- Transfer \$500,000 of existing Working Cash Fund reserves to the Life Safety Fund for the completion of approved projects without the issuance of additional Life Safety bonds
- Transfer \$23.0 million of existing Operating Fund reserves to the Capital Projects Fund for the completion of facility improvement projects
- Utilize \$2.0 million of existing reserves in the District's Illinois Municipal Retirement/Social Security Fund to make an additional payment towards the unfunded liability amount with the Illinois Municipal Retirement Fund
- Allocate staffing costs based on enrollment and quality instructional programs
- Allocate salary costs based on negotiated contracts and Board-approved percentage increases
- Allocate benefit and insurance costs based on projections developed in coordination with the District's consultant (HUB, International)

For 2017-2018, operating budgets are balanced and fund balances remain stable. Primary operating funds of the District include the Educational, Operations/Maintenance, Transportation, Municipal Retirement, and Working Cash Funds. These operating funds account for approximately 90% of the total budget expenditures and 99% of the budgeted revenues. The District accounts for three restrictive funds that include Debt Service, Capital Projects, and Life Safety Funds. Expenditures for these restrictive funds include payment of principal and interest on outstanding debt, ongoing construction and site improvement projects, and State-approved life safety work.

Overall, the cumulative 2017-2018 budget projects that expenditures will exceed revenue for a planned deficit of \$18.7 million. The planned deficit is due to numerous, significant capital and life safety projects currently underway, with these facility improvements all being paid from existing reserves. For the 2017-2018 budget year, the Board approved the transfer of reserves from the operating funds to the Capital Projects, Life Safety, and Debt Service Funds. Planned capital improvement projects include continuation of improvements on media centers, outdoor field renovations, and payment for summer 2017 construction including bathroom, locker room, and cafeteria renovations at Schaumburg High School. Also included are renovations to a culinary arts lab at Conant High School. Transfers of \$23 million from the District's operating fund reserves have been approved for payment of these facility improvement projects.

Life Safety bond proceeds have been exhausted and projects for life safety work completed at Fremd High School will be paid through transfers of existing fund balance reserve from the Working Cash Fund in the amount of \$0.5 million. Additional factors contributing to an overall deficit budget include the Board's approval to again reduce the Debt Service levy by \$3 million and the continuation of iPad lease payments in the amount of \$0.4 million.

Additionally, existing reserves will be used to pay down \$2 million of the unfunded liability amount with the Illinois Municipal Retirement Fund (IMRF) which will save the District future employer costs, and provides the opportunity of further savings through investment earnings made by IMRF.

The District's operating funds (Educational, Operations and Maintenance, Transportation, Illinois Municipal Retirement, and Working Cash Funds) are projected to finish the 2017-2018 fiscal year in a favorable position with a projected surplus of \$8.2 million. Positive surplus budgets are projected in the Educational Fund (\$4.1 million); Operations and Maintenance Fund (\$2.3 million); and the Transportation Fund (\$600,000). The District's Illinois Municipal Retirement Fund is projected to have a planned surplus (\$1.1 million) which will be used to fund the advance payment of \$2.0 million to pay down the District's unfunded liability. The Working Cash Fund is projected to have a surplus (\$9,000). A combined transfer of \$3.2 million from Working Cash Fund reserves also is scheduled to fund the Debt Service levy abatement and Life Safety projects. The restrictive funds will recognize the planned fund deficits in the Debt Service Fund (\$3.5 million), Capital Projects Fund (\$21.8 million), and Life Safety Fund (\$1.5 million).

All school districts in Illinois must submit a balanced budget or adopt a deficit reduction plan to balance the budget within three years. The District projects a budget surplus of \$7.0 million in the aggregate of operating funds (Educational, Operations and Maintenance, Transportation, and Working Cash). This reflects the District's commitment to maintaining balanced budgets in accordance with the Illinois School Code and keeping expenditures at or below projected revenue.

The projected \$2.4 million budget deficit in the Debt Service Fund is due to a levy reduction plan that has been in place since 2007 and lease payments for iPad devices through the One-to-One program. As part of a positive multi-year levy reduction (abatement) strategy to benefit District taxpayers, the Board approved the planned levy reduction of \$3.1 million as part of the 2016 Debt Service levy adopted last December to be incorporated in the 2017-2018 budget. The Debt Service levy reduction strategy provides for the ongoing use of reserves to pay a portion of principal and interest on outstanding bonds and subsequently, reducing the Debt Service levy by that same amount. By abating, or reducing, the Debt Service levy amount, the overall tax rate for taxpayers will be decreased. Since 2007, the Board of Education has reduced its overall levy by \$33.4 million. The District will make its remaining debt payment towards the

2012/2013 Life Safety bonds by December 2017, and plans to utilize existing reserves and future budget surpluses to fund needed future facility improvements without plan to issue additional debt as previously intended.

The reported \$21.8 million budget deficit in the Capital Projects Fund reflects planned capital improvements to locker rooms, restrooms, and cafeteria at Schaumburg High School (\$17.8 million in 2017-2018), completion of media center renovations at Fremd High School and media center planning and construction costs for Hoffman Estates High School (\$500,000 in 2017-2018), renovations to outdoor athletic fields at Fremd and Conant High Schools (\$2.8 million in 2017-2018), and renovations to the culinary arts lab at Conant High School (\$700,000 in 2017-2018). Many of these projects have taken place over multiple years with associated costs spanning multiple budget years.

For 2017-2018, total direct revenue is projected to be \$249.3 million, a decrease of 1.5% from the 2016-2017 actual revenues, primarily due to the budgeted receipt of four categorical state payments compared to the three state categorical payments received in fiscal year 2017.

Total direct expenditures for all funds are projected to be \$68.0 million, an increase of \$14.6 million or 5.8% from the 2016-2017 actual expenditures, and includes planned capital improvements and renovations. The overall increase is due primarily to capital improvement projects completed during summer 2017.

Additional information is available [here](#) and a copy of the 2017-2018 Tentative Budget is available [here](#).

Health/Dental Insurance Premium Rates for 2018

At its meeting on April 6, 2017, the Board of Education approved the 2017-2018 renewal of health/dental claims administration services with Blue Cross and Blue Shield. Each fall, projected claim experience based on health inflation trends is used to determine premium equivalent rates for all District health plan options. Premium equivalent rates established in the fall are for the health plan year beginning January 1, 2018.

Beginning in January 2015, District 211 implemented a new health plan design that included six plan options; four PPO plans and two HMO plans, one of which is only available to employees who were enrolled in the HMO-Illinois plan during the 2014 plan year. Plans include PPO-300, PPO-500, PPO-750, HSA-1500, HMO-Illinois, and HMO-Blue Advantage options. The plan design change implemented a design structure to help facilitate movement to less expensive health insurance plans, while also adjusting employee premium contribution rates and modifying plan design benefits to align with the requirements of the Affordable Care Act (ACA). The new plans were designed to facilitate migration

of employees to plans that are less expensive for the District to provide by encouraging greater healthcare cost management by employees through higher deductibles.

At its November 14, 2013 meeting, the Board approved a wellness program contract with Interactive Health Solutions. As part of the multi-plan health insurance design structure, the District has included a wellness plan that allows employees and their spouse/domestic partner (for those electing family coverage) to receive a comprehensive health screening through Interactive Health Solutions providing access to a preventative health report for employees. Employees participating in the wellness screening will receive applicable credits allocated towards their insurance plan premium cost. For the 2017 plan year, employees electing single plan coverage received a \$656 credit towards their premium; those with family coverage will received a \$1,770 credit towards their premium costs. Wellness credits were established to increase at a rate equal to the increase in employee contributions. For 2018, wellness credits will be \$688.80 (single coverage) and \$1,858.50 (family coverage). Employees who are eligible for health insurance benefits and elect not to be covered by the District's health insurance plans will receive \$1,000 annually for opt-out of coverage.

The HSA-1500 plan allows employees to independently manage their healthcare costs with lower overall claims costs to the District. Because the HSA plan is the most cost-effective plan for the District to offer, those electing this plan will receive an employer paid contribution to their HSA account. Employees choosing single plan coverage will receive \$1,500 deposited to their health savings account; those electing family coverage will receive \$3000 deposited to their account. Funds deposited in a health savings account may only be used for health-related services. No cash incentive payments are made directly to employees. Contribution percentages have been applied uniformly for all union and non-union employee groups eligible for health insurance.

Health insurance rate increases of 5% were developed in coordination with the District's insurance broker, HUB International, and account for actuarial data, projected health care trends, and employee wellness participation. The District's approach to controlling healthcare costs continues to outperform healthcare trends with District 211 costs increases that are less than the national average of 7-13%. Lower cost increases are the direct result of plan design, the addition of the HMO-Blue Advantage network in place of the HMO-Illinois network for non-grandfathered participants, high deductible healthcare plan options, and the District's wellness program. Dental rates will remain unchanged as projections continue to show that the District's rate structure has been adequate for its claims history.

Illinois law requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled employees, retirees, and surviving spouses, at the same premium equivalent (COBRA) rate that is

established for active employees. COBRA rates are equal to the premium equivalent rates that are used for active employees.

The District has offered additional Medicare supplement plans for IMRF retirees over the age of 65 in past years. As enrollment in the supplemental Medicare policies has decreased over the past several years, premium rates for retiree Medicare supplement plans become more difficult to control as healthcare costs are divided among a smaller pool of covered individuals. In an effort to provide retirees with more affordable options with comparable coverage, District 211 will discontinue Medicare supplement plan coverage effective January 1, 2018. Retirees 65 years of age and older were offered an additional healthcare plan option provided through The Hartford with claims administered through Benistar Admin Services, Inc., beginning January 1, 2015. The Hartford plan option is a supplement to Medicare and offers comparable benefit levels to the supplement plans offered by the District through Blue Cross and Blue Shield. Insurance premium and claims payments are managed through The Hartford/Benistar and will not be budgeted or expended by the District for those retirees changing their elected coverage from the District's insurance coverage to coverage provided by The Hartford. The District's insurance broker, HUB International, provides additional resources to assist current retirees enrolled in District plans with alternative insurance plan options for coverage beginning January 1, 2018.

The Board approved the established Blue Cross/Blue Shield premium equivalent rates, contribution percentages, and incentive structure for applicable employee groups, effective January 1, 2018, as presented.

Additional information on health insurance rates for 2018 is available [here](#).

Next Board of Education Meeting

The next scheduled regular Board of Education meeting will be held on Thursday, September 28, 2017, beginning at 7:30 p.m. in the Anne Koller Board Meeting Room at the G.A. McElroy Administration Center.