

Board of Education Meeting Recap

The Township High School District 211 Board of Education met on Thursday, August 18, 2016, 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, and Transferred Administrators

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

Jeannette Ardell, 10-month assistant principal, James B. Conant High School
James Britton, director of human resources
Derek Fivelson, dean of students, James B. Conant High School
Gary Gorson, chief technology officer
Brian Harlan, 12-month assistant principal, Hoffman Estates High School
Dane Henning, administrator, District 211 North Campus
Scott Hoeft, dean of students, Hoffman Estates High School
Justin Onayemi, 10-month assistant principal, James B. Conant High School
Darius Sanchez, dean of students, William Fremd High School
Joshua Schumacher, principal, Hoffman Estates High School
Courtney Symonds, 12-month assistant principal, Hoffman Estates High School
Eric Wenckowski, director of athletics & activities

Presentation: Tentative Budget for 2016-2017

Chief Operating Officer **Lauren Hummel** and Controller and Treasurer **Barbara Peterson** presented an [overview](#) of the 2016-2017 Tentative Budget to the Board of Education.

Approval of Minutes

The Board of Education approved the minutes from its special meetings on [July 18, 2016](#) and [July 19, 2016](#); and its regular meeting on [July 21, 2016](#).

Acceptance of Donation – Palatine’s Women’s Club and Palatine Township Needy Family Fund

The Board of Education accepted donations of \$900 from the Palatine Needy Family Fund and \$900 from the Palatine Women's Club for iPad insurance for students in need.

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, September 1, 2016, at the following times:

District 211 North Campus: 5:00 - 7:00 p.m.
Higgins Education Center: 5:00 - 7:00 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.

Adoption of Mission Statement

The Board of Education adopted a [new mission statement](#) for High School District 211. The new mission statement will serve to guide the priorities from the strategic plan in the coming years and will define the common mission of District 211.

Adoption of Value Statements

The Board of Education adopted [new value statements](#) for High School District 211. The adoption of the new value statements, in conjunction with the new mission statement, will assist the District with priorities from the strategic plan in the coming years.

Adoption of Strategic Plan

The Board of Education adopted a new strategic plan for High School District 211. Adoption of the multi-year strategic plan provides direction for the superintendent and staff, and serves as a guiding framework of priorities to be accomplished in the coming years.

The strategic plan was developed by the Board using the input gathered during the community engagement initiative which spanned January through May 2016, and included stakeholder feedback from 14 focus groups, eight community engagement sessions, a random telephone survey of 500 District residents, and an online survey.

While meeting with a facilitator on July 18-19, 2016 for approximately 12 hours, the Board identified four strategic areas as part of the plan: life readiness, professional responsibilities, organizational effectiveness, and community partnerships. The Board created priorities and goals for each strategic area. It also serves as a communication tool for District stakeholders, further defining priorities, direction, and timelines for accomplishments. Updates will be provided on a regular basis.

An outline of the strategic plan is available [here](#), while a copy of the strategic plan document can be found [here](#).

Resolutions Directing the Transfer of \$12.5 million from the Educational Fund and \$1.5 million from the Transportation Fund to the Operations & Maintenance Fund

Following a public hearing, the Board of Education approved a resolution providing for an interfund transfer of \$12.5 million from the Education Fund to the Operations & Maintenance Fund, and then from the Operations & Maintenance Fund to the Capital Projects Fund, effective during the 2016-2017 fiscal year.

The Board also approved a resolution providing for an interfund transfer of \$1.5 million from the Transportation Fund to the Operations & Maintenance Fund, and then from the Operations & Maintenance Fund to the Capital Projects Fund, effective during the 2016-2017 fiscal year.

Based upon initial estimates, these transfers will provide funding for all of the proposed renovations planned for the 2016-2017 fiscal year, and will not adversely affect the District's instructional and operational program currently supported.

Additional information on the funds transfers, as well as copies of the approved resolutions, is available [here](#).

Negotiations Chapter Two: Preparing to Bargain and Establishing Parameters

At the May 12 Board of Education meeting, the Board requested information regarding negotiations practices, including legal and regulatory information, to be presented at a future Board of Education meeting. Information surrounding the legal framework of collective bargaining was presented at the July 21, 2016 Board meeting. [Negotiations Chapter Two, Preparing to Bargain and Establishing Parameters](#), was presented to the Board at the meeting. Continued information on collective bargaining, as it pertains to educational employees, will be presented over the next several meetings.

Collective bargaining goals are developed through the collection and assessment of internal and external information, including staffing needs, costs, and bargaining trends. A cost analysis of current contract terms and projected financial trends

establishes the foundation for the Board to develop bargaining goals and establish bargaining parameters. The Board has the chief responsibility of establishing bargaining parameters for the negotiations and the final collective bargaining agreement.

Resolution Authorizing Additional Employer Contributions to IMRF

The Board of Education approved the resolution authorizing an additional employer contribution to the Illinois Municipal Retirement Fund (IMRF), a multi-agent public pension fund for employees of local government in Illinois, in the amount of \$3,500,000 to be made before December 31, 2016. This additional payment will be applied toward the unfunded portion amount of the District's pension liability, and will decrease the unfunded rate portion of the total employer rate, thereby lowering the amount the District is required to pay to IMRF based upon its eligible salary amounts.

Currently, District 211 has approximately 1,300 active and inactive employees enrolled in the IMRF program, and another 1,000 receiving some form of benefits. By statute, all IMRF eligible employees pay 4.5% of gross salary to IMRF, and the District also contributes a percentage of eligible gross salaries to IMRF based upon an assigned employer rate, specific to each individual employer. Contributions from all participating government agencies and their employees are pooled and invested in order to achieve the highest return possible. All contributions made by District 211 and its employees are maintained in a separate trust reserve account at IMRF. As of December 31, 2015, District 211 total IMRF Actuarial Accrued Liability is \$104.6 million, of which \$81.7 million is funded. The Unfunded Accrued Actuarial Liability portion is currently \$22.9 million.

Additional information is available [here](#).

2016-2017 Tentative Budget

The Board of Education approved the 2016-2017 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 22, 2016 Board of Education meeting, and adoption of the budget must be completed by September 30, 2016.

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 2016-2017 budget development process:

- Maintain a balanced budget in accordance with the School Code (105 ILCS 5/17-1)
- Allocate costs 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% levy increase from the 2015 levy amount
- Budget expenditures at a 0% increase from the 2015-2016 expenditure budget
- Utilize \$2.0 million of existing Working Cash reserves to reduce the levy in the Debt Service Fund
- Transfer \$3.0 million 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 \$14.0 million of existing Operating Fund reserves to the Capital Projects Fund for the completion of facility improvement projects
- Utilize \$3.5 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 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

For 2016-2017, 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 92% 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. Property taxes and transfers from other funds are the primary source of revenue for the Debt Service Fund, while bond proceeds and transfers from other funds serve as the revenue source for Life Safety and Capital Projects.

Overall, the cumulative 2016-2017 budget is projected to be over in expenditures compared to revenue for a planned deficit of \$11.4 million. The planned deficit is due to a transfer of existing reserves to fund capital project debt repayment expenditures. For the 2016-2017 budget year, reserves will be transferred from the operating funds to the Capital Projects, Life Safety, and Debt Service Funds. Existing reserves also will be used to pay down 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 planned capital improvement projects include continuation of improvements on media

centers, swimming pools, and outdoor field renovations. Restrooms at Schaumburg High School also will be renovated. Transfers of \$14 million from the District's operating fund reserves are recommended for payment of these projects. Life Safety bond proceeds have been exhausted, and projects for Hoffman Estates High School will be paid for using existing fund balance reserve transfers from the Working Cash Fund in the amount of \$3 million. Additional factors contributing to a deficit budget include a recommendation to again reduce the Debt Service levy by \$2 million, continuation of iPad lease payments in the amount of \$400,000, and an advance prepayment to IMRF in the amount of \$3.5 million all through the use of existing reserves.

The District's operating funds (Educational, Operations and Maintenance, Transportation, Illinois Municipal Retirement, and Working Cash Funds) are projected to finish the 2016-2017 fiscal year in a favorable position with a projected surplus of \$6.6 million. Positive surplus budgets are projected in the Educational Fund (\$5.7 million); Operations and Maintenance Fund (\$2.8 million); and the Transportation Fund (\$600,000). The Illinois Municipal Retirement Fund is projected to have a planned deficit (\$2.5 million) due to the advance payment of \$3.5 million to pay down the District's unfunded liability. The Working Cash Fund is projected to have a surplus (\$18,500). A combined transfer of \$5 million in Working Cash Fund reserves also is scheduled to the Debt Service and Life Safety Funds 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 (\$2.4 million), Capital Projects Fund (\$13.8 million), and Life Safety Fund (\$1.9 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 \$9.1 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 reduction of \$2 million as part of the 2015 debt service levy adopted last December to be incorporated in the 2016-2017 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. This results in a lower overall tax rate for taxpayers due to the planned proportionate reduction in property taxes in the Debt Service levy. Since 2007, the Board of Education has reduced its overall levy by \$30.3 million. The District will have one additional year of debt payments towards the 2012/2013 Life Safety bonds, and is scheduled to have paid off all bonded debt during the 2017-2018 fiscal year.

The reported \$13.8 million budget deficit in the Capital Projects Fund reflects planned capital improvements to swimming pools (\$10.3 million in 2016-2017), completion of media center renovations at Palatine High School and planning and construction costs for Fremd High School (\$1.4 million in 2016-2017), renovations to outdoor athletic fields at Fremd, Conant, and Schaumburg High Schools (\$1.8 million in 2016-2017), and renovations to restrooms at Schaumburg High School (\$300,000 in 2016-2017). Many of these projects are planned over multiple years with associated costs spanning multiple budget years. All of these projects will be funded internally using existing funds held by the District. Transfers of \$12.5 million from the Educational Fund and \$1.5 million from the Transportation Fund are planned to fund projects scheduled for the 2016-2017 fiscal year.

Total direct revenue is projected to be \$249.5 million, a decrease of 0.2% from the 2015-2016 actual revenues, primarily due to the decreased levy in the Debt Service Fund.

Total direct expenditures are projected to be \$256.4 million, a decrease of \$3.1 million or 1.2% from the 2015-2016 actual expenditures, and includes planned capital improvements and renovations. On a budget to budget comparison, total expenditures are projected to decrease by \$11 million or 4.1% from 2015-2016 primarily due to planned budget reductions that have been implemented over the past two budget years, decreases in planned capital expenditures, and a decrease in debt service due to the decrease in principal and interest costs of existing bonds.

Additional information is available [here](#) and a copy of the 2016-2017 Tentative Budget is available [here](#).

Health/Dental Insurance Premium Rates for 2017

At its meeting on May 12, 2016, the Board of Education approved the 2016-2017 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.

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 that 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 2017, employees electing single plan coverage will receive a \$656 credit towards their premium; those with family coverage will receive a \$1770 credit towards their premium costs. 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.

District 211 continues to surpass healthcare trends with cost increases that are significantly less than the national average of 10-12%. Lower cost increases are directly the 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.

District 211 continues to offer options for applicable retirees (and their spouses) to participate in the health insurance program on a direct pay basis. For retirees who are 65 years or older, Medicare provides their primary insurance. For retirees under age 65, the District offers the three Preferred Provider Options (PPO) and Health Maintenance Organization (HMO) health insurance plan options available to active employees. All retirees pay the full premium equivalent for the coverage selected and are not eligible for wellness incentives.

The Board approved the established premium equivalent rates, contribution percentages, and incentive structure for applicable employee groups, effective January 1, 2017, as presented. Further, the Board established premium equivalent rates for the over age 65 Medicare supplement plan options through Blue Cross and Blue Shield, effective January 1, 2017, as presented.

Additional information on health insurance rates for 2017 is available [here](#).

Potential Topics for Future Discussion

The Board of Education agreed to include a discussion on video recordings of Board meetings on its agenda for the September 22, 2016 regular Board meeting.

Next Board of Education Meeting

The next scheduled regular Board of Education meeting will be held on Thursday, September 22, 2016, beginning at 7:30 p.m. in the Anne Koller Board Meeting Room at the G.A. McElroy Administration Center.