

Please do not reply to this email  
\*\*\*\*\*

## **Board of Education Meeting Recap**

The Township High School District 211 Board of Education met on Thursday, August 15, 2019, in the Anne Koller Board Meeting Room at the G.A. McElroy Administration Center. The following is a recap of 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**, 12-month assistant principal, Palatine High School  
**Jacquese Gilbert**, director of summer school & community outreach  
**Jake Hughes**, dean of students, Schaumburg High School  
**Gordon (Gerry) James**, 10-month assistant principal, Hoffman Estates High School  
**Karen Lasher**, director of business services  
**Kirk Macnider**, 10-month assistant principal, Schaumburg High School  
**Tony Medina**, principal, Palatine High School  
**Sandy Mir**, accounting manager  
**Justin Onayemi**, 12-month assistant principal, Hoffman Estates High School  
**John Pahlman**, director of facilities & purchasing  
**Joyce Richardson**, dean of students, Palatine High School  
**Linda Serafini**, dean of students, Hoffman Estates High School  
**Jason Stevens**, dean of students, Hoffman Estates High School  
**Josh Teschner**, dean of students, Fremd High School  
**Lindsay Tiritilli**, assistant director of special education  
**John Volgi**, 10-month assistant principal, Palatine High School

### **Presentation: Progress Toward Meeting District Academic Goals in 2018-2019**

The District 211 Academic Goals for 2016-2021 represent 10 areas of growth that are significant in a student's preparation for individual choices to be made after high school. The goals focus on classroom performance through the attainment of the critical learning standards for each class and the acceleration of students into challenging coursework in advanced placement in English and mathematics courses, dual credit opportunities, or Advanced Placement

coursework. Outside of the classroom, academic goals track the Illinois State Board of Education-required testing sequence, extracurricular involvement, career exploration, and timely graduation. The combination of these academic growth aspects demonstrates a complete snapshot of a successful high school academic experience and support the college and career readiness expectations of the Every Student Succeeds Act (ESSA).

The Board of Education received a [report](#) and a [presentation](#) was made by District administrators focusing on the individual success of each high school and the stories behind those successes.

### **Approval of Minutes**

The Board of Education approved the minutes from its regular meeting on [July 18, 2019](#).

### **2019-2020 Tentative Budget**

The Board of Education approved the 2019-2020 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 19, 2019 Board of Education meeting, and adoption of the budget must be completed by September 30, 2019.

The Tentative Budget includes all funds and 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 2019-2020 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; allocate staffing costs based on enrollment and instructional programs; safeguard a minimum 33.3% fund balance within the Educational Fund and the combined operating funds; allocate salary costs based on negotiated contracts; allocate benefit and insurance costs based on projections developed in coordination with the District's consultant, HUB, International; allocate \$2.7 million in the Life Safety Fund for approved projects on the life safety survey recently filed with the Illinois State Board of Education; execute inter-fund transfers estimated at \$8 million for future years' capital improvement (\$5 million) and life safety projects (\$3 million); continue the one-to-one program for new iPad devices purchased in the 2019-2020 fiscal year; and make an additional payment to the Illinois Municipal Retirement Fund (IMRF) to reduce the District's unfunded IMRF pension liability.

For 2019-2020, 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 96% of the total budget expenditures and over 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 capital leases (none are budgeted), ongoing construction and site improvement projects, and State-approved life safety work. Interest earnings, transfers from other funds, and Corporate Personal Property Replacement Taxes are the primary source of revenue for the Debt Service Fund, Life Safety Fund, and Capital Projects Fund.

Overall, the cumulative 2019-2020 budget, when considering all funds, projects that revenue will exceed expenditures for a budget surplus of \$3.9 million, equivalent to 1.5%. This surplus is indicative of the District's financial stability and will be utilized for future capital improvement projects paid from reserves or for the consideration of additional payment toward the advance payment of IMRF unfunded liabilities. District 211 currently has no outstanding bonded debt and no foreseeable plans to issue new debt.

For the 2019-2020 budget year, the Board approved the transfer of reserves from the operating funds to the Capital Projects and Life Safety Funds. The planned capital improvement projects include continuation of improvements on outdoor field renovations, stadium turf and track replacements, restroom renovations, and initial costs for locker room renovations planned for summer 2020. Transfers of \$5 million from the District's operating fund reserves have been approved for payment of these facility improvements and an additional \$3 million transferred for the completion of life safety projects across the District.

As previously reviewed with the Board, an additional \$5 million payment to IMRF to reduce the outstanding pension liability is budgeted. Existing reserves will be utilized to reduce the unfunded liability amount which will save the District future employer costs and provide the opportunity for further savings through investment earnings made by IMRF. The recommended payment will be made from multiple funds: \$1.5 Million from the Educational Fund, \$2 million from the Operations and Maintenance Fund, and \$1.5 million from the IMRF/Social Security Fund.

Included as a special item in the Operations and Maintenance Fund budget for fiscal year 2020 is \$17.7 million in proceeds from the anticipated sale of 62 acres of land, projected for receipt upon closing the sale in the spring of 2020. Use of the proceeds is not included in the fiscal year 2020 budget.

For 2019-2020, total direct revenue is projected to be \$266.1 million, an increase of 1% from the 2018-2019 actual revenues. Local property taxes are budgeted

to increase 1% after abatement of \$2 million attributed to the property tax relief grant. Categorical state aid is budgeted to increase due to timing of payments for the bilingual education grant in FY19. Fees and other income are projected to increase by 13% due primarily to the sale of two building construction homes and additional surplus TIF revenue. Federal aid is budgeted to decrease slightly due primarily to the anticipated decrease in IDEA funds. While interest earnings on investments are projected to remain significantly higher than the District's five-year average, they are projected to decrease compared to the 2018-2019 fiscal year. Evidence Based funding, food service sales, and corporate personal property replacement taxes are budgeted consistent with 2018-2019 actuals.

Total direct expenditures for all funds are budgeted to be \$262.2 million, an increase of \$1.5 million or 0.6% from the 2018-2019 actual expenditures and includes planned capital improvements and renovations. The overall increase is due primarily to salary and benefit costs. Salaries and benefits that are budgeted to increase per contractual agreements and healthcare trend estimates. Increases in purchased services and tuition costs also are expected, while capital outlay costs will decrease.

Additional information is available [here](#), a copy of the 2019-2020 Tentative Budget is available [here](#), and a copy of the budget presentation by Chief Operating Officer **Lauren Hummel** and Controller & Treasurer **Barb Peterson** is available [here](#).

### **Resolution Authorizing Additional Employer Contributions to the Illinois Municipal Retirement Fund**

The Illinois Municipal Retirement Fund (IMRF) is a multi-agent public pension fund that administers a program of disability, retirement, and death benefits for employees of local government in Illinois. Currently, District 211 has approximately 1,950 active and inactive employees enrolled in the program, and another 1,050 receiving some form of benefits. IMRF is governed by a Board of Trustees, elected by participating employers, members, and annuitants and is not governed or funded by the State of Illinois or associated with the Teacher Retirement System (TRS). IMRF is centrally administered, and it is locally funded by its employer members and plan participants.

By statute, all IMRF eligible active employees pay 4.5% of gross salary to IMRF. This amount is withheld from employees' paychecks and sent to IMRF each month. The District also contributes a percentage of eligible gross salaries to IMRF based upon an assigned employer rate, specific to each individual IMRF employer. The rate fluctuates annually and is unique to each employer. For 2020, District 211's anticipated employer rate is 7.8%, a slight increase from the 2019 rate of 7.6%.

All contributions made by District 211 and its employees are maintained in a separate trust reserve account at IMRF. As of December 31, 2018, District 211's total IMRF Actuarial Accrued Liability (AAL) is \$110 million, of which \$104.2 million is funded and represents the Actuarial Value of Assets (AVA). The Unfunded Accrued Actuarial Liability portion (UAAL) is currently \$5.8 million.

While the District has an unfunded pension liability of \$5.8 million, the IMRF plan is stable and District 211's annual minimum contributions are reliably made in full to IMRF. The unfunded liability (UAAL) amount impacts the unfunded rate calculation included in the employer rate and the yearly contribution amount paid by the District.

The District has the ability to make additional payments toward the unfunded portion (UAAL) amount that will decrease the unfunded rate portion (0.92%) of the total employer rate, thereby lowering the amount that the District is required to pay to IMRF based upon its eligible IMRF salary amounts. In addition, advance payments would reduce the amount of the liability balance and therefore reduce the amount of interest accrued at 7.25% annually on the UAAL. IMRF investments earnings in excess of 7.25% would further save the District on its annual employer rate.

District 211 has used existing funds to make three additional IMRF payments totaling \$16.2 million to date. Use of fund balance to pay down the District's UAAL has been a prudent use of reserves, lowering the District's overall expenses and earning investment returns at a rate that is approximately 10 times that of earnings held in the District's investment portfolio. The recommended advanced special payment to IMRF is expected to further reduce the District's annual operating expenses while maximizing rates of return on the investment. Formal recommendation will be presented to the Board in December 2019 in advance of the recommended payment date of December 31, 2019.

Additional information on the IMRF payment is available [here](#).

### **Health/Dental Insurance Premium Rates for 2020**

At its meeting on June 20, 2019, the Board of Education approved the 2019-2020 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, 2020.

Beginning in January 2019, District 211 implemented an adjusted health plan design that modified the District's previous 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 2018 plan year. Plans include PPO-300, PPO-500, PPO-750, HSA-1500, and HMO-Blue Advantage options (additionally, there is one HMO plan, HMO-Illinois, that is only available to 13 grandfathered employees). The plans are 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. Currently, approximately 83% of the District's covered employees have elected coverage in the plans with higher deductibles and employee management, which include PPO-750, HAS-1500, and HMO-Blue Advantage, an increase from 44% enrolled in these plans in 2015.

The District is in its fifth year of an employee wellness program. At its May 23, 2019 meeting, the Board approved HealthCheck360 as its new wellness provider. 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 HealthCheck360 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 2019 plan year, employees electing single plan coverage received a \$688.80 credit towards their premium; those with family coverage received a \$1,858.50 credit towards their premium costs. Wellness credits were established to increase at a rate equal to the increase in employee contributions. For 2020, wellness credits will increase to \$723.24 (single coverage) and \$1,951.43 (family coverage). In 2019, over 92% of covered employees elected to participate in the District's wellness program. 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 employees 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. Each covered employee contributes a percentage of the premium equivalent cost for each health insurance plan option. Contribution percentages have been applied uniformly for all union and non-union employee groups eligible for health insurance.

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. In an effort to provide retirees with more affordable options with comparable coverage, District 211 discontinued Medicare supplement plan coverage as of 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 throughout the year.

The Board approved the established Blue Cross/Blue Shield premium equivalent rates, contribution percentages, and incentive structure for applicable employee groups, effective January 1, 2020, as presented.

Additional information on health insurance rates for 2020 is available [here](#).

### **Resolutions Authorizing the Sale of School District Property**

At its April 4, 2019 meeting, the Board of Education approved a resolution to list the home located at 12N475 Berner Drive in Elgin with licensed real estate agent, Cindy Eich of Remax at Home in the amount of \$465,000. The home was listed on the MLS on April 27, 2019. The home went under contract on June 2, 2019, and the contract was then terminated on August 8, 2019 by the potential buyers. The Board adopted the resolution as presented and engaged Mrs. Eich as the listing agent for the sale of this District-owned residential property.

Also at its April 4, 2019 meeting, the Board approved a resolution to list the home located at 155 E. Glade Road in Palatine with Mrs. Eich of Remax at Home. The home was listed on the MLS on April 14, 2019 and is currently under contract to be sold with a tentative closing scheduled for August 16, 2019. The Board adopted the resolution as presented and engaged Mrs. Eich as the listing agent for the sale of this District-owned residential property.

Additional information is available [here](#).

**Next Board of Education Meeting**

The next scheduled regular Board of Education meeting will be held on Thursday, September 19, 2019, beginning at 7:30 p.m. in the Anne Koller Board Meeting Room at the G.A. McElroy Administration Center.

*Please do not reply to this email*  
\*\*\*\*\*