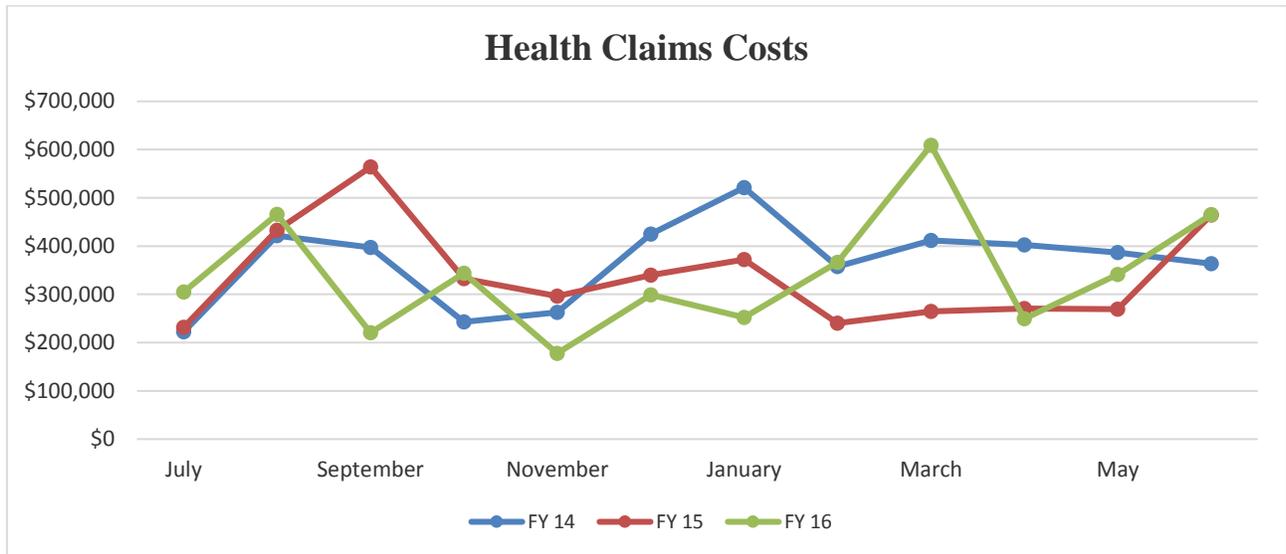


Health Claims – Although June 2016 health claims (\$464,825) were sizable the initial claim costs for FY 16 (\$4,094,075) only slightly exceeded the FY 15 (\$4,078,512) costs. That is \$15,563 more in costs this past year.

As is repeatedly mentioned in the past Dixon USD #170 is and has been self-insured for over 25 years. That means that the District utilizes a third party administrator, in our case IPMG, to process and pay claims based on the District’s Health Plan and then purchases excess reimbursement coverage for claimants who exceed \$125,000 per year (there is also an additional aggregating specific of another \$112,000 obligation to the District for claims over the \$125,000 threshold).

Although being self-insured is a very cost effective method of providing health care it can create some budgeting issues in that it is almost essential to budget “worst case scenario.” In addition, we cannot be guaranteed any reimbursement from our excess loss carrier for claimants that exceed \$125,000.

	<u>Health Insurance Claim Costs</u>			<u>Difference</u>
	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 15 v. FY 16</u>
July	\$222,162	\$231,894	\$304,875	(\$72,981)
August	\$421,391	\$432,872	\$466,102	(\$33,229)
September	\$397,066	\$563,910	\$220,212	\$343,697
October	\$243,165	\$332,572	\$343,562	(\$10,990)
November	\$262,462	\$296,013	\$177,750	\$118,263
December	\$424,641	\$339,803	\$298,825	\$40,978
January	\$521,242	\$371,855	\$251,916	\$119,939
February	\$357,697	\$240,010	\$366,194	(\$126,184)
March	\$411,642	\$264,983	\$609,034	(\$344,051)
April	\$402,767	\$270,826	\$249,562	\$21,263
May	\$386,683	\$269,454	\$341,218	(\$71,765)
June	<u>\$363,790</u>	<u>\$464,321</u>	<u>\$464,825</u>	<u>(\$504)</u>
Totals	\$4,414,708	\$4,078,512	\$4,094,075	(\$15,563)



State of Illinois FY 17 Budget – The following information is verbatim from Illinois State Board of Education Superintendent Tony Smith’s July 6, 2016 Weekly Message:

“As we begin a new fiscal year, I am pleased that the General Assembly passed a stopgap budget that includes a full year of funding for preK-12 education. I also appreciate Gov. Bruce Rauner’s immediate signature and continued advocacy for Illinois’ schoolchildren.

This legislation will ensure our schools are able to open for the 2016-17 school year. Districts will receive the greater of either their fiscal year 2016 General State Aid (GSA) payment plus a share of the \$250 million equity grant or their FY 2017 claim fully funded at the \$6,119 Foundation Level. Every school district in the state will receive more than it received in FY 2016. The total increase in GSA and related grants is \$361 million.

This appropriation negates the possibility of significant future disruption of school operations and student services. It also allows ISBE to distribute funds for activities, services, and materials for all state education programs and federal grant awards. While the passage of this budget is an important step to ensure our students receive the critical supports and resources they need, we still have more work ahead of us to provide equitable opportunity and access for all children.”

State Senator Tim Bivins’ (R–Dixon) July 11, 2016 message read as follows:

Illinois Schools Receiving Major Boost in Funding

“Illinois schools are receiving a major boost in funding thanks to the bipartisan education budget passed at the end of June, according to data recently released by the Illinois State Board of Education (ISBE).

The ISBE has recently revised its school funding forecast with data from the education budget passed by the General Assembly, showing school districts receiving a boost for the upcoming school year.

The budget itself represents an historic level of cash for K-12 schools as well as pre-K programs, including ending proration of school funding for the first time in seven years. All schools will

receive at least their 2015-2016 school year funding level plus a share of a statewide \$250 million equity grant. If the existing formula would have given them more money than that for 2016-2017 school year, then the district will receive that higher level. According to State Superintendent Tony Smith, every school district in Illinois will receive more money than it did during the previous year.”

In Conclusion - The Governor and lawmakers agreed on what could be viewed as a bi-partisan spending plan for schools that ensured that no district would receive less money that it got last year, while sending extra money to poorer districts, including an additional \$130 million to Chicago Public Schools and potentially more than \$200 million for CPS teacher pensions on top of that. The June 30, 2016 deadline may have been the greatest incentive out there and, although it is only a partial year budget, it is another full year budget for K-12 Education. I don't anticipate much more state revenue for Dixon USD #170 in FY 17 over what we received in FY 16, but under the old formula, without hold harmless, we were slated to lose approximately (\$100,000) based on a preliminary calculation that involved three fiscal years of ADA (average daily attendance), local EAV, CPPRT and Low Income Count . **All in all this is great news when you think of what was looming in the last report to the Board in May of 2016.**

School Funding - Governor Bruce Rauner announced on Tuesday, July 12, 2016 that he was going to make a new push toward revamping how schools receive state money in Illinois. He announced the creation of the Illinois School Funding Reform Commission, which will be tasked with “developing an equitable, adequate and affordable school funding formula to use with the FY18 school year,” according to the governor’s office. The Governor’s hand-picked Secretary of Education, Beth Purvis, is slated to act as commission chair. There will be 25 members total. Five each were appointed by the governor, and all four leaders of the Democratic and Republican parties in both the House and the Senate. State Board of Education Chair James Meeks will serve as a liaison between the commission and the state board of education.

The commission will have until the first of February 2017 to produce its report, so that the General Assembly can pass legislation during the spring session. Many already agree that the time has come for the state to change this formula; that it is too dependent on local property taxes and the percentage of state funding that higher-poverty districts receive is too low. But the state would have to come up with additional revenue to pay for a new formula and it could mean some wealthier districts receive less in state funding than they had in the past.

Given the fact that Governor Rauner and the two Republican leaders each appoint members to the commission, there is a possibility that it will be weighted in favor of Republicans. Sen. Andy Manar (D-Bunker Hill), who has been working the past two sessions on education funding legislation, said he's not concerned about that just yet and that he is optimistic that something will happen. He said now was the time to act. As to how much the funding model might be changed, everyone is saying for now that all ideas are on the table.

Those with a long history in education realize the issue has been studied and restudied by countless panels similar to this one created by the Governor. These “blue ribbon” school funding panels included the 1996 Ikenberry report and numerous reports from the EFAB - Education Funding Advisory Board and were commonplace during former Republican Governor Jim Edgar’s tenure in

the 1990s. Unfortunately none of these ever really gained any traction since the education funding formula is one of the most politically charged issues in Illinois.

The early 2017 deadline would permit legislators to take up a bill in spring session, a tight deadline, the Governor acknowledged, but one that may be doable partly because there have been recent efforts.

The Committee appointees are as follows:

Governor Bruce Rauner

1. Beth Purvis, Secretary of Education (Commission Chairperson)
2. Evelyn Sanguinetti, Lieutenant Governor
3. James Dimas, Secretary of the Department of Human Resources
4. Jennifer Hammer, Deputy Chief of Staff for Policy
5. Jodi Scott, Regional Supt. of Schools for Henderson, Knox, Mercer and Warren Counties

Senate President John Cullerton

1. Senator Kimberly Lightford (D – Chicago)
2. Senator Iris Martinez (D – Chicago)
3. Senator Daniel Biss (D – Evanston)
4. Senator Andy Manar (D – Decatur)
5. Senator Jennifer Bertino-Tarrant (D – Plainfield)

Senate Minority Leader Christine Radogno

1. Senator Jason Barickman (R – Bloomington)
2. Senator David Luechtefeld (R – Okawville)
3. Senator Dan McConchie (R – Lake Zurich)
4. Senator Karen McConnaughay (R – West Dundee)
5. Senator Sue Rezin (R – Peru)

House Speaker Michael Madigan

1. House Majority Leader Barbara Flynn Currie (D – Chicago)
2. Representative Fred Crespo (D – Streamwood)
3. Representative Will Davis (D – Hazel Crest)
4. Representative Rita Mayfield (D – Waukegan)
5. Representative Emily McAsey (D – Lockport)

House Minority Leader Jim Durkin

1. Representative Avery Bourne (R – Raymond)
2. Representative Sheri Jesiel (R – Winthrop Harbor)
3. Representative Dwight Kay (R – Glen Carbon)
4. Representative Robert Pritchard (R – Hinckley)
5. Representative Christine Winger (R – Wood Dale)

