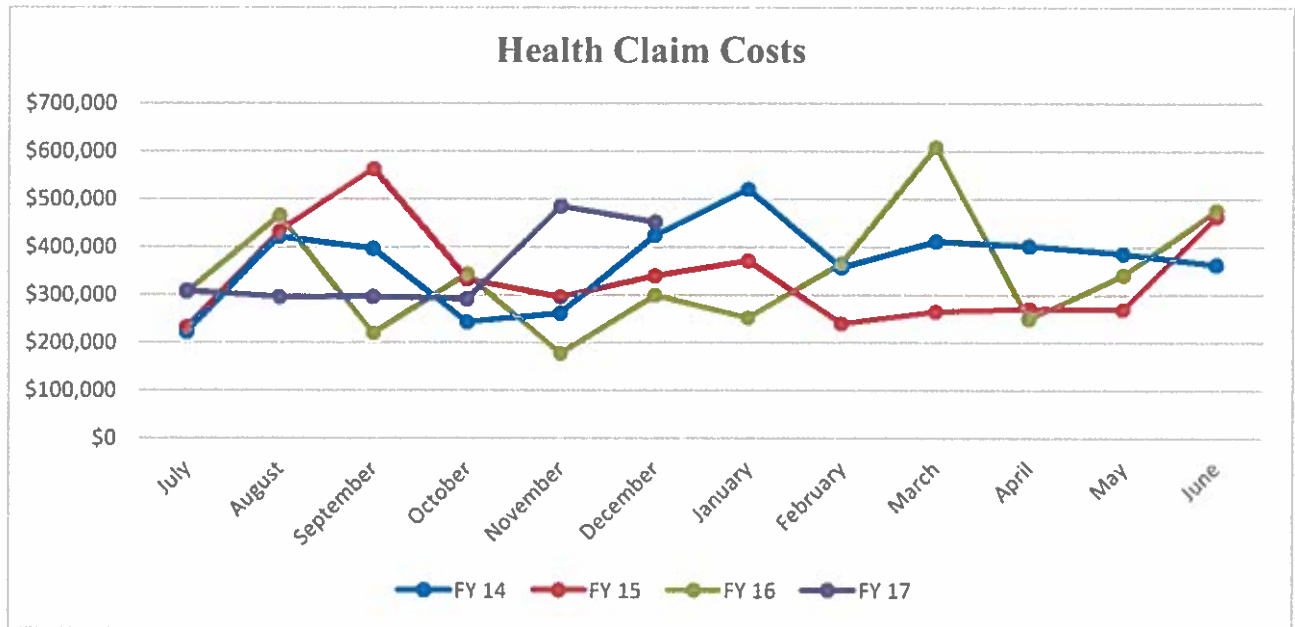


Health Claims – The December 2016 health claims (\$452,775) were the second month in a row where claims were higher than similar months in past claim years. See the purple (FY 17) line in the chart below. These first six months of the new FY 17 fiscal year are trending considerably higher than FY 16. Half way through the fiscal year we are currently \$319,761 higher than we were at this time last year. Our hope is that claims will level out and trend better for plan participants and the District.

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.

	Health Insurance Claim Costs				Difference
	FY 14	FY 15	FY 16	FY 17	FY 16 v. FY 17
July	\$222,162	\$231,894	\$304,875	\$308,581	\$3,706
August	\$421,391	\$432,872	\$466,102	\$295,643	(\$170,458)
September	\$397,066	\$563,910	\$220,212	\$296,759	\$76,547
October	\$243,165	\$332,572	\$343,562	\$291,870	(\$51,692)
November	\$262,462	\$296,013	\$177,750	\$485,458	\$307,709
December	\$424,641	\$339,803	\$298,825	\$452,775	\$153,950
January	\$521,242	\$371,855	\$251,916		
February	\$357,697	\$240,010	\$366,194		
March	\$411,642	\$264,983	\$609,034		
April	\$402,767	\$270,826	\$249,562		
May	\$386,683	\$269,454	\$341,218		
June	<u>\$363,790</u>	<u>\$464,321</u>	<u>\$477,279</u>		
Totals	\$4,414,708	\$4,078,512	\$4,106,528	\$2,131,086	\$319,761



State of Illinois Budget – The State of Illinois has not had a regular budget since FY 15. Governor Rauner most recently has said he needs reforms to help bring in businesses and curb union power, a local property tax freeze and term limits. Speaker Madigan hadn’t been interested in negotiating any of those reforms, instead wanting to focus strictly on budgetary matters only. There were rumors that the Illinois Senate leaders (primarily Senate President John Cullerton and Minority Leader Christine Radogno) were working on a “Grand Bargain” in order to finalize the State’s FY 17 Budget in advance of the 99th General Assembly’s adjournment on Tuesday, January 10, 2017.

The “All of Nothing Package” was said to have included the following: increasing the income tax (from 3.75 to 4.95% personal and 5.25 to 7% corporate), raising the minimum wage (\$9 an hour beginning July 1, 2017 increasing by 50 cents until 2020 when it would reach \$11), authorizing the state to build six new casinos (including one in Chicago, the south suburbs, Rockford, Lake County, Danville and unincorporated Williamson County and with all up-front licensing fees to pay down the state’s past-due bills), local government consolidation, a penny-per-ounce tax on sugar-sweetened beverages, a borrowing plan to address the \$11B log jam of delinquent bills, procurement reform measures, a property tax freeze (originally described as a two year temporary freeze), workers’ compensation reform, a change in the education funding formula, a pension reform bill (including eliminating the General Assembly Retirement System for future lawmakers meaning new lawmakers wouldn’t get pensions and additional savings would be made by having university employees, public school teachers, General Assembly members and Chicago teachers choosing between benefits related to salary raises they may receive in their careers and the annual 3% cost of living adjustments to their pensions in retirement) and a constitutional amendment to limit the terms of legislative leaders in both the House and Senate.

It was uncertain whether the “Grand Bargain” would have been acceptable to the Governor or the Speaker and we may not know for some time since it was decided not to take any action with 99th Senate, but wait until the new Senate was seated on Wednesday, January 11, 2017. It appears as if this package will be reintroduced in the 100th General Assembly with a target date of February 1, 2017.

State of Illinois Categorical Payments - I reported last month that the K-12 Education General State Aid funding had already been addressed for FY 17, but there was concern about the mandated categorical payments for both FY 16 and FY 17.

As of last month Dixon USD #170 was owed \$209,397 for **FY 16** Special Education: Private Facility Tuition, Funding for Children Requiring Sp. Ed. Services and Personnel payments and \$261,644 for Transportation: Reg./Voc. and Special Education payments. As of January 3, 2017 we have now received \$94,870 for Sp. Ed. Personnel and the entire \$261,644 for Transportation: Reg./Voc. and Special Education meeting the entire obligation for those categories. There is still \$114,527 outstanding for Private Facility Tuition and Funding for Children Requiring Sp. Ed. Services even though that fiscal year ended over six months ago.

FY 16		
<u>Fund</u>		<u>Outstanding</u> As of 1.3.17
Education	Children Req. Sp. Ed. Services	\$ 89,007.25
Education	Sp. Ed. - Private Facility Tuition	\$ 25,519.63
		\$114,526.88
		<u>Received Payment</u> As of 1.3.17
Education	Sp. Ed. - Personnel	\$ 94,870.39
Transportation	Reg. Ed. & Voc.	\$ 109,587.01
Transportation	Sp. Ed.	\$ 152,333.07
		\$ 261,920.08

Our FY 17 GSA payments have been as promised (\$205,765.12 twice per month) and arrive in timely fashion. On the other hand, as of January 3, 2017, we have yet to receive any **FY 17** payments for Special Education: Private Facility Tuition, Funding for Children Requiring Sp. Ed. Services and Personnel or for Transportation: Reg./Voc. and Special Education. FRIS status shows that the first and second payments have been disbursed, but not yet processed by the Comptroller's Office.

FY 17		
<u>Fund</u>		<u>Outstanding</u> As of 1.3.17
Education	Sp. Ed. - Personnel	\$216,600.24
Education	Children Req. Sp. Ed. Services	\$178,563.14
Education	Sp. Ed. - Private Facility Tuition	\$106,047.15
		\$501,210.53
Transportation	Reg. Ed. & Voc.	\$166,883.87
Transportation	Sp. Ed.	\$279,431.38
		\$446,315.25

Since we have already received 99.91% of our local property taxes from the 2015 levy extended in 2016 for the FY 17 school year there isn't much more revenue coming other than these categorical payments which are being severely delayed due to the state's backlog of owed payments.