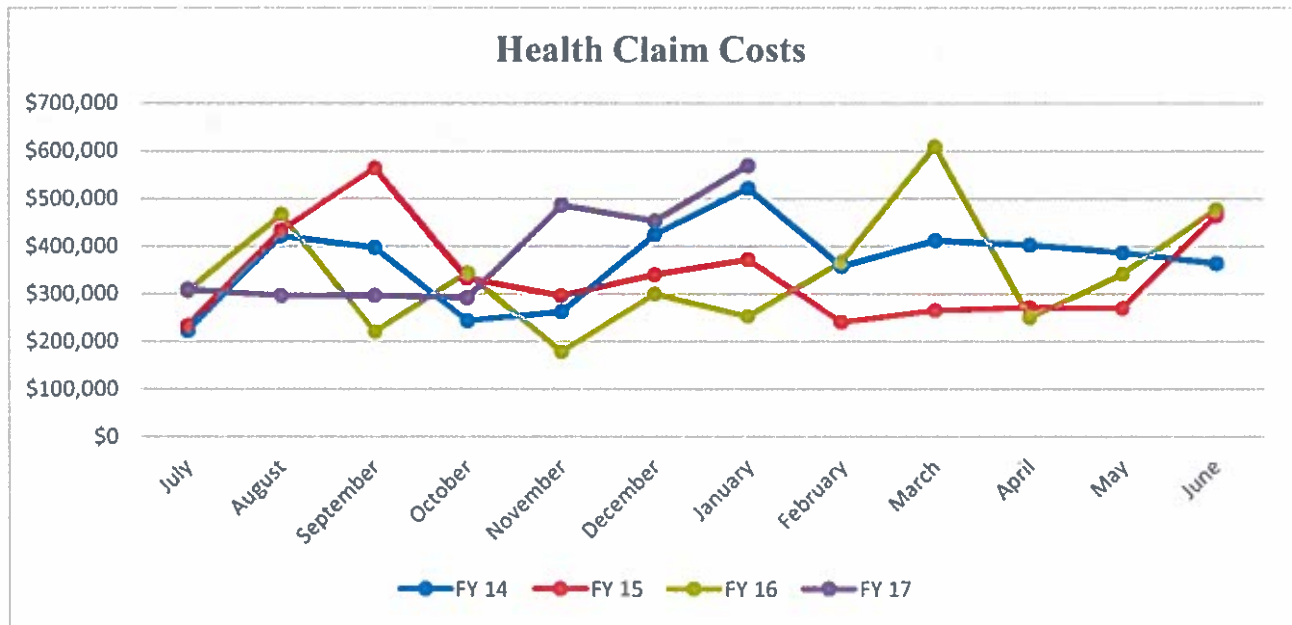


Health Claims – Traditionally I have reported every other month on health claims, but the January 2017 health claims (\$569,301) were the third month in a row where claims were higher than similar months in previous claim years. See the purple (FY 17) line in the chart below. These first seven months of the new FY 17 fiscal year are trending considerably higher than FY 16 and we are currently \$637,146 higher than we were at this time last year. I felt compelled to share this news again this month.

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 17</u>	<u>FY 16 v. FY 17</u>
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	\$569,301	\$317,384
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	\$363,790	\$464,321	\$477,279		
Totals	\$4,414,708	\$4,078,512	\$4,106,528	\$2,700,387	\$637,146



State of Illinois School Funding Formula – The Governor’s Illinois School Funding Reform Commission issued a report laying out a framework for revamping the way the state funds K-12 education. A key finding was that funding should be based on the unique needs of individual districts and that more money should be directed to districts with large concentrations of low-income students.

Sen. Andy Manar, D-Bunker Hill, a major proponent of school funding reform, said, "I've been working on it every day since the commission finished its work and that continues. I believe the direction coming from both leaders is clear. They want to try to get a bill passed."

Governor Rauner said he was still digesting the report from the commission and that it wasn't the commission's job to draft a bill that could be considered by lawmakers. "What they did was lay out the parameters for a bill to get drafted," he said. "I'll talk to the General Assembly about who should draft. My sense is, I think the senators, I don't know, I think they're working on something. If they'd like our administration to draft something, we can do that."

The segment of most interest is as follows: *It is necessary to face the challenges of adequate school funding head on. The state currently spends about \$11 billion on elementary and secondary education, including about \$4 billion for current and legacy costs of teacher retirement. Without clearly identified new resources for the framework, the \$11 billion in spending will continue to be inadequate and inequitable. In addition, the \$4 billion in current pension expenditures do not contribute to any formula goals of adequacy and equity. Any transitions to a new formula also bring challenges: if a hold harmless provision is included, there will be little to no equity ever achieved within the existing \$11 billion. If a hold harmless provision is not included, districts have little ability to plan and transition smoothly. It is unclear if a permanent versus temporary hold harmless should be recommended. The ability to dedicate additional resources to education funding is critical for the success of this Commission's work.*

It now appears as if lawmakers and Governor Rauner’s office can’t agree on who should now take the lead. The Democrats who run the Senate Education Committee told Rauner’s education adviser,

Illinois Secretary of Education Beth Purvis, that the Republican governor should draft legislation based on the recommendations from the school funding report. Secretary Purvis said the plan should come from the Legislature. It appears as if both sides feel that the formula for financing public education should be changed to ensure poorer districts receive more financial support from the state, but both sides are also aware that those changes won't happen without additional funding that isn't readily available.

Senator Manar suggested the governor's office should convert the committee's report into legislation. He said, "How do we make sure that this report doesn't just get plopped on the heaping pile of reports that are somewhere in the basement of this building?" Purvis responded that writing legislation is "usually the job of the General Assembly" and explained the governor would use the commission's report to assess any education funding proposals that cross his desk.

Manar was also concerned about how long it could take for the report's recommendations to make an impact on schools. He pointed to one school district the commission reviewed where each student could expect just \$280 in additional funds under the initial funding increase the committee assumed. "A student in that district who enrolls in kindergarten will be out of college before that district is adequately funded," he said. Sen. Jennifer Bertino-Tarrant of Shorewood, the committee's Democratic chairwoman, agreed with Manar and said, "If we have a framework designed through the governor's office, we may be able to come to a quicker consensus.

State of Illinois Budget –Illinois Senate President John Cullerton spoke to the City Club of Chicago on Monday, February 6th urging legislators to avoid the distractions, think of the "Big Picture" and support a package of 12 bills aimed at ending the state's two year budget impasse. He outlined the realities: "sexual assault victims were frozen out of counseling, homeless teens and domestic violence survivors were kicked to the curb, breast cancer screenings were eliminated, and large and formerly stable charities like Lutheran Social Services of Illinois as well as small and vulnerable service providers laid off thousands of staff members and discontinued programs."

He also showed a slide titled "Failure is Not an Option" which painted a dire picture of how things could get even worse if the state continues without a spending plan until the 2018 election next year. Projections included \$24 billion in unpaid bills; a downgrade to junk bond status; overdue payments to business topping \$40 billion; a higher than proposed income tax; closing of some public universities; layoffs at schools and a bump in property taxes. He stated, "The good has to come with the bad."

His theme was "If not this plan, then what? And if not now, then when?" President Cullerton emphasized that legislators will be required to take some tough votes. He said since the "Grand Bargain" legislation was introduced in January 867 lobbyists had registered with the state. "Now I don't fault them entirely. That is the job of a lobbyist. To protect his or her client's interest. That is what they get paid to do. But, lawmakers need to see the big picture, see beyond the special interests and do something to save our state," Cullerton urged. He added that both the Illinois Chamber of Commerce and unions were opposed to portions of the package.

Cullerton and Illinois Senate Republican Leader Christine Radogno are trying to pass 12 bills dubbed the "Grand Bargain" plan. The plan, which is constantly evolving, includes among other things a temporary property tax freeze, an income tax hike, pension reform, bond restructuring, gambling expansion, changes in workers' compensation. The minimum wage is no longer included and sale of the State of Illinois James R. Thompson Center in Chicago has surfaced.

The Illinois Senate began voting on the package of bills Wednesday, February 8th, but that ended shortly after it began when it became obvious Republicans weren't going to vote for it. Radogno, who had advised her caucus to vote "present," said the understanding all along was that no votes would be taken on any of the dozen bills that are part of the package until there was a general agreement on all of them. She said both a school funding reform plan and workers compensation changes were still being negotiated. Radogno said it was important to correctly draft the school funding bill "because if we get it wrong, that can have some pretty significant consequences."

The Senate President said he doesn't doubt that Radogno is still working on a solution. "It's unbelievable how much pressure she's under and she's advancing this stuff," he said. And Cullerton told reporters that the leaders will likely have a "structured roll call" — which would spare some legislators from taking unpopular votes. It would allow senators in safe districts who are likely to be re-elected to take some of the toughest votes.

But Cullerton argued that the grand bargain plan will help solve the state's "unprecedented" problems. "It's a compromise in the truest form. Something we don't see enough of in Springfield," Cullerton said. "If we can pull this off, we'll pay businesses on time, fully fund MAP scholarships, ensure state workers get paid and government doesn't shut down, assemble a complete budget for the first time in two years and put Illinois on the path to a balanced budget." Governor Rauner will deliver his FY 18 (Budget Year = July 1, 2017 – June 30, 2018) budget address on Feb. 15th.

State of Illinois Mandated Categorical Payments - I had 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.

Last month, Dixon USD #170 was owed \$114,527 for **FY 16** Private Facility Tuition and Funding for Children Requiring Sp. Ed. Services. As of February 7, 2017, we have now received everything that was previously owed for FY 16.

FY 16			
<u>Fund</u>		<u>Received Payment</u>	<u>Outstanding</u>
Education	Children Req. Sp. Ed. Services	\$ 89,007.25	
Education	Sp. Ed. - Private Facility Tuition	\$ 25,519.63	
		\$114,526.88	\$0.00

Our FY 17 GSA payments have arrived as promised (\$205,765.12 twice per month). On the other hand, as of February 7, 2017, we have yet to receive any **FY 17** categorical 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
	Sp. Ed. - Private Facility	
Education	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 100% of our local property taxes from the 2015 levy extended in 2016 for the FY 17 school year there isn't much more revenue outstanding other than these categorical payments which are being severely delayed due to the state's backlog of owed payments.

