

**Proviso Township High School District 209 Financial Oversight Panel Meeting
Regular Session
March 24, 2017**

ROLL CALL

Dr. Craig Schilling presided and called the Financial Oversight Panel meeting to order at 7:02 a.m.

Members Present

Dr. Craig Schilling, Chairman
Mr. Socrates Rivers
Ms. Katrina Thomson
Ms. Merilee McCracken

Members Absent

Ms. Sheena Williamson

Other Attendance

Ms. Deb Vespa, ISBE
Dr. Jessie Rodriguez, SD 209 Superintendent (Attended via phone)
Mr. Nick Cavaliere, FOP Fin. Admin., Baker Tilly Virchow Krause, LLP
Mr. Todd Drafall, SD 209 Chief Financial Officer
Ms. Avelira Gonzalez, SD 209 Human Resources Support
Mr. Dan Johnson – SD 209 Director of Student and Family Services

PUBLIC COMMENT

None

SUPERINTENDENT
REPORT

The Superintendent briefly reported on discussion items as outlined in the agenda and subsequently turned the floor over to Mr. Dan Johnson who elaborated further on the informational items.

Mr. Johnson provided a summary of the power point slides that were presented to the board of education regarding the Alternative Programming Options Strategic Initiative. The program's primary objective is to provide the best possible opportunity to students for credit attainment. Statistics were provided regarding the level of students that were identified as being credit deficient. Dr. Schilling inquired about the types of programs currently available to students to obtain credits such as summer school, Mr. Johnson elaborated upon the District's summer school program and the historical number of students that attended the summer school program. Mr. Johnson went into great detail how some students are so deficient in credit attainment that summer school alone is not an option and other programs are necessary to provide the opportunity to obtain credit hours.

Ms. Vespa inquired about what external factors are affecting students that are preventing them from obtaining credit hours. Mr. Johnson elaborated that truancy is not the only issue that affects students. Other issues relate to mental health as well as family and economic issues. Mr. Johnson discussed some of the support functions that the District currently offers to students who face these challenges.

Mr. Johnson stated that the proposed alternative education programs will continue the Proviso Evening School Program, which includes the DREAM and PEACE Evening Alternative Programs. However the Proviso Alternative Learning Opportunity Program which is operated by an outside service provider, Ombudsman Educational Services Inc., will be discontinued in fiscal year 2018. The District will instead partner with the West 40 Intermediate Service Center to replace and improve upon the services that were previously outsourced to Ombudsman. Mr. Johnson elaborated on the proposed programs that will be offered under the new alternative education program and how this is designed to improve upon the education for these students through outreach and support. Ms. McCracken stated that the outline for this change in programming was well written and she found that many of her questions were answered throughout the documents. Ms. McCracken requested that prior to the proposed change in the programming being presented to the FOP for approval at the next meeting if the administration could provide a comparison of what the current alternative education programs are costing the District and what the anticipated costs of the new alternative education program will be. Dr. Schilling agreed with Ms. McCracken and reiterated that the strategic planning for the proposed alternative education program was very well done and that the only piece that was missing in his opinion was the comparison of the costs. Mr. Johnson stated that this would be prepared for the next meeting.

Dr. Schilling asked about the Implementation of a District-wide Data Warehouse item to see if this was an item being presented for a vote. Mr. Drafall stated that this was an informational item and not presented for action and stated that RFPs have been issued to prospective vendors to help the District with this project. Mr. Drafall provided a high level summary of how the District's student database, PowerSchool, is not fully integrated with other data platforms and is not currently meeting the District's information needs. Ms. McCracken stated that as the District is in the process of considering different accounting software vendors with the Township School Treasurer's Office that consideration should be given to the options available within these providers that may assist the District with identified information needs. Mr. Drafall elaborated on the RFP process with accounting software and some discussion ensued about the Skyward and Infinite Vision software providers. Dr. Schilling stated that the District should also give consideration of the finance packages and see if they can integrate with the District's student database and even consider the possibility of changing the student database to align with the financial software package if this would be beneficial to the District's information needs. Dr. Schilling also elaborated on the benefits if the elementary school districts that feed into the high school district all had the same student database systems that data could be transferred into the High School District's database. This could increase efficiencies and provide longitudinal data that can be reviewed to identify any trends or opportunities for improvement.

Mr. Drafall stated that the District is not currently looking to change the student database and that the needs of the student database and the needs of the financial system are quite different and they currently are not looking for these two systems to be paired together. The larger data needs relate to student assessment and other student related data points. Additional discussion took place regarding the need for a strong position control module within the finance

package to improve efficiencies and manage costs within the HR and Business Office. Mr. Drafall stated that the District is open to options from software providers having the ability to pull data from multiple information systems and can aggregate this data into meaningful analysis without having to change systems. The Tableau software package was a software package that was identified as an example. Mr. Johnson stated that in many cases the District's lag from the time a student takes a test and the information is assessed is significant and creates issues in adjusting to identified needs.

Dr. Schilling stated that he understands that the District wishes to improve in this area the only suggestion that he has is that the District reach out to prospective financial software package providers and inquire with them what systems they are able to integrate with so that a well informed decision can be made that has the best possible outcome of integrating data systems moving forward.

Mr. Rivers inquired if the Proviso School Township Treasurer's Office has issued the RFP for the accounting software system yet. Mr. Drafall stated that the RFP has not yet been issued but was still in the early stages of gathering survey information from the member district's regarding their needs. Dr. Schilling stated the aforementioned matters should be integrated into the RFP process. Mr. Drafall elaborated on the types of information being requested in the survey process to help identify the needs of all member districts and this process is being designed to make sure that the needs of all the member districts are being considered.

FINANCE REPORT

Mr. Drafall provided a summary of the monthly financial results to the FOP. It was noted that the State of Illinois currently owes the District between \$1.5 and \$2.0 million in funding through the end of the month. Mr. Drafall discussed the change in how special education transportation costs are now being paid directly by the District and not by the Special Education Cooperative, PAEC. This change in process likely could not have come at a better time as the lag in State payments would have likely required PAEC to increase billings to the District as they would not have had the cash flow required to make these payments. YTD the District is trending below budget for being 67% through the year. Mr. Drafall stated that the District continues to work through grant budget amendments and aligning spending with the District's strategic plan and these funds are intended to be used within the grant period. Mr. Drafall stated that there will be a significant portion of Title I money in addition to local funds used to purchase computers that will be procured through the RFP process.

Mr. Drafall stated that the Board has decided to go out to bid for food service prior to the end of the 5 year window as required under the program. The bid process is underway to improve the quality of the program.

Mr. Drafall stated that the District is adjusting staffing needs to align with ticket sales. Mr. Drafall stated that the Holiday Basketball Tournament is intended to be self-sufficient, what this means is that the District initially pays any one who works at the tournament and then is later fully reimbursed by the tournament for these costs. Costs that are considered relate to salaries and benefits for anyone that works at the event. Ms. McCracken stated that it did not appear that the

District charged for salaries this year but did not charge for benefits based upon the schedule included in the packet. Mr. Drafall stated that some revenues have yet to be received. Ms. McCracken stated it appeared in the prior year that salaries and benefits were broken out separately and this year it appears that they were included together in the salary line as the amount was comparable to the prior year in total. Ms. McCracken inquired if the tournament account maintained a balance from year to year and Mr. Drafall stated that the account had a cumulative ending positive balance of approximately \$30,000. Ms. McCracken inquired about who is responsible for the decision making process of spending the tournament funds, she inquired if Mr. Drafall was involved in this process specifically. Mr. Drafall stated that he is not involved in this process and that this takes place by the administration in the Proviso West High School building which is predominately the assistant principal. Mr. Vespa inquired if the online ticket sales and the sponsorship fee that have not yet been collected, which approximate \$10,000 are in fact not collected will the tournament account reimburse the District for any costs in excess of revenues received by the tournament from the cumulative balance in the tournament account. Mr. Drafall stated that the event has not run a deficit this year and that no District funds are at risk.

Mr. Drafall brought to discussion item 7(g) on the agenda - Insurance Committee Recommendations for Changes to District Health Benefits and Insurance. Mr. Drafall provided a summary of the board meeting and the results of the ongoing District efforts to control costs and engage users of the insurance for the purposed of controlling the premiums associated with plans.

Mr. Drafall stated that current bargaining contracts require any increases in premiums over 10% are to be covered by the employee. First 10% of premium increases are paid by the Board. Currently the Board pays 90% of the total premium costs while the employee pays 10% of the premiums. Mr. Drafall said there has always been an incentive by employees to consider the plans offerings if the anticipated premium increases for the year are over 10% as the employee is responsible for increases over 10%. Mr. Drafall stated that collectively the insurance premium increases for the year are anticipated to be approximately a 3% increase as a whole for 2018 but he believes it may be less than that as employees may change to the lower cost HMO plan in 2018 as this plan costs the employees less than the PPO plan. This has not been budgeted for but it is his intuition, and he has budgeted for the 3% collective increase based upon current enrollment elections and premium rates for FY 2018.

Ms. McCracken inquired what the advantage was for the employee to take the HMO insurance, Mr. Drafall stated that it would be the lower premium cost. Ms. McCracken inquired if there was an advantage to the District for employees to elect the HMO plan instead of the PPO plan. Mr. Drafall stated that this will decrease the premium costs to the District. Ms. McCracken inquired if Mr. Drafall was comfortable with placing less money into the Self Insurance Fund as the District has built up a comfortable balance in this fund and wanted to ensure the District was considering this and that the fund does not decrease substantially due to the lower premium contributions into this account. Mr. Drafall elaborated on how the formation of the insurance committee has engaged employees in a positive way to control costs of health insurance for the District and that he was

not concerned that the Self Insurance Fund account balance would decrease as a result of the change in the plan premiums. Ms. Vespa inquired if there were any copay changes to the HMO plan design and Mr. Drafall stated that there were not and that the PPO plan had a slight increase and that this could provide incentives to employees to engage in the HMO plan as well.

Mr. Drafall proceeded to discuss the financial plan as presented and Dr. Schilling interjected and said that he would like to defer discussion for the financial plan and instead would prefer to give Mr. Drafall questions to be discussed later on and integrated into the financial plan.

Dr. Schilling would like for the financial plan to incorporate assumptions that relate to a reduction of federal funds that have recently been discussed as potentially decreasing between 10-14% from current funding levels, incorporating a capital plan that is between \$50-75 million dollars and the associated funding plan for these costs, Incorporating an assumption that gives consideration to the proposed tax freeze legislation and quantifying the impact of this on the District per year. Dr. Schilling would like to see a best case and a worst case scenario at the next meeting for these assumptions within the financial plan.

Dr. Schilling stated that he is beginning to get uncomfortable for next year's budget process as additional programs and costs are continuing to be added but a capital plan has not yet been considered for the District. Dr. Schilling believes that the District may not want to add more things to the operational budget as they will likely need to cut items to afford the costs associated with a capital plan.

Ms. McCracken inquired of Dr. Schilling if the capital plan assumptions should include selling bonds to afford these costs. Dr. Schilling stated that he believes the assumptions should consider 20-25 year alternate revenue bonds or the District will identify an alternate source of revenue, or if the Board determines that they will not pursue the issuance of debt these costs will have to come from current available resources.

Dr. Schilling would like to show a timeline for the April meeting on how the Financial Oversight Panel is in place at the District given that they have effective leadership and a capital plan with an appropriate funding source identified.

Mr. Drafall discussed that the Finance Committee met with their Financial Advisor and reviewed their borrowing limits and are weighing options for the District. Mr. Drafall stated that many steps are underway to complete a master facilities plan and explore funding options once this plan is completed.

Dr. Schilling stated that these are all steps in the right direction, however he is concerned that the District will continue to add operational costs while this process is underway and they may begin deficit spending and be forced to consider cutting costs again. Ms. McCracken stated that she can work with Mr. Drafall to incorporate these assumptions in the financial plan.

Mr. Drafall stated that in the plan there are significant staffing changes budgeted for in fiscal year 2018 that relate to decreases in staffing.

CAPITAL AND
CONSTRUCTION
UPDATE

No Discussion

FOIA REPORT

No Discussion

CLOSED SESSION

At 8:00 a.m., a motion was made by Dr. Schilling to enter closed session in accordance with 5 ILCS 120/2(c)(1) for the purpose of discussion of personnel and employment, 5 ILCS 120/2(c)(2) to discuss collective negotiations, 5 ILCS 120/2(c)(11) to discuss litigation, and 5 ILCS 120/2(c)(21) to discuss minutes of meetings lawfully closed under the Open Meeting Act for purposes of approval. The motion was seconded by Mr. Rivers. All approved by a roll call vote.

RECONVENE OPEN
SESSION

At 8:12 a.m., Mr. Rivers made a motion to reconvene open session Dr. Schilling seconded. All approved with a roll call vote.

CONSENT AGENDA

Dr. Schilling moved that the FOP approve the consent agenda. Mr. Rivers seconded.

Discussion: Ms. McCracken inquired what item 7(b)(2) March Authorized Staff Allocation Chart was. Ms. Gonzalez stated that this document was the summarized staffing matrix for the District and that the FOP had received a more detailed version of this document as well. Ms. McCracken questioned why it was in the consent agenda if the FOP is not acting on it. Mr. Drafall stated that it has always been included in the FOP packets before. Ms. McCracken inquired if this item could be removed from the consent agenda moving forward. Mr. Drafall stated that the FOP is not approving the document, Dr. Schilling clarified that the FOP is approving that the document was received and that separate matters relating to employment are handled through separate action. Ms. Vespa asked if Ms. McCracken would like for the item to be pulled and Ms. McCracken declined. Ms. McCracken asked if Dr. Schilling was ok with items as presented in the consent agenda and he stated that he was.

No additional discussion took place and the vote for the approval of the consent agenda was as follows:

Ayes: Dr. Schilling, Mr. Rivers, Ms. McCracken, Ms. Thompson. Nays: none.

Approval of Minutes

The Financial Oversight Panel approves the regular meeting and closed session minutes for the February 28, 2017 meeting.

Approval of the Monthly Personnel Report Including Addendums, as Applicable

The March 2017 Personnel Report was approved as presented

Approval of Bills Payable

Bills payable, including attorney fees, dated March 14, 2017 were approved in the amount of \$2,069,037.14 gross payrolls in the amount of \$2,865,066.30; student activity checks in the amount of \$35,162.17, Harris checks in the amount of \$0.00, and special checks in the amount of \$13,373.56 were approved.

Attorneys' Fees

Where included in the approval of the Bills Payable

Contracts/Bids

1. Drivers Education Car Lease Extension
2. Music Instruction Services - PMSA

Adjustment to Administration Interim Pay

Insurance Committee Recommendations for Changes to District Health Benefits and Insurance

Final Architect Interviews and Ranking

Administration Payment and Classifications for Fiscal Year 2017

End of Consent Agenda

OTHER ACTION ITEMS

Ms. McCracken made a motion to table item 8(a) Approval of Two Year Administrative Contract – B. Karvelas, Mr. Rivers seconded.

Motion was approved by voice vote.

Mr. Rivers made a motion for the approval of item 8(b) Two Year Administrative Contract – P. Hardy, seconded by Ms. McCracken.

Discussion: None

Ayes: Dr. Schilling, Mr. Rivers, Ms. McCracken, Ms. Thompson. Nays: none.

Ms. McCracken made a motion for the approval of item 8(c) Resolution of the Board of Education of Proviso Township High Schools District 209 Authorizing the Non-Renewal of Employment of Certified Staff Members, seconded by Mr. Rivers.

Discussion: None

Ayes: Dr. Schilling, Mr. Rivers, Ms. McCracken, Ms. Thompson. Nays: none

Mr. Rivers made a motion for the approval of item 8(d) Resolution of the Board of Education of Proviso Township High Schools District 209 for Dismissal of Certain Fourth Year Probationary Teacher(s), seconded by Ms. McCracken.

Discussion: None

Ayes: Dr. Schilling, Mr. Rivers, Ms. McCracken, Ms. Thompson. Nays: none

Mr. Rivers made a motion for the approval of item 8(e) Resolution of the Board of Education of Proviso Township High Schools District 209 for Non-Renewal of Administrative Contracts and/or Stipend Position, seconded by Ms. McCracken.

Discussion: None

Ayes: Dr. Schilling, Mr. Rivers, Ms. McCracken, Ms. Thompson. Nays: none

DISCUSSION ITEMS

Old Business

None

New Business

Discussion regarding moving the next FOP meeting from April 28th to April 21st due to the IASBO conference that will be in Peoria on April 28th, all members agreed to move the meeting to April 21st at 7:00am.

ADJOURNMENT

A motion was made by Mr. Rivers to adjourn the meeting at 8:15 a.m. and seconded by Ms. McCracken. Motion was approved by voice vote.