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## Oswego Community Unit School District 308

SERVING ALL OR PARTS OF THE COMMUNITIES OF  
AURORA, JOLIET, MONTGOMERY, OSWEGO, PLAINFIELD AND YORKVILLE

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### Finance and Facilities Advisory Committee Minutes

**East View Academy-Gym  
4209 Route 71, Oswego  
October 20, 2020  
6:00 p.m. – 7:30 p.m.**

#### I. Roll call

*The sign in sheet was used in place of an official roll call. Meeting called to order at 6:04 pm.*

Members in Attendance: Rob Allison, Kenneth Blue, Jaime Diaz, Robert Eberhardt, Tatyana Gorski Bill Mueller, Kaila Mugford, Erika Sieh, Jennifer Smith, Christi Tyler Chief Financial Officer, Ruth Kroner Board Member Co-Chairs, George Kalule (called in remotely)

Members Absent: Phil Murray and Brent Lightfoot, Board Member Co-Chair

Guests: Tammy Morris and Theresa Scott from Lockton, and Ken Miller, Executive Director of Human Resources/Payroll/Benefits

Recording Secretary: Carrie Szambelan

#### II. Approval of Minutes from the Finance and Facilities meeting on September 21, 2020

A motion was made by Mrs. Ruth Kroner, seconded by Mr. Eberhardt to approve the finance and facility minutes from the September 21, 2020 meeting. All members in attendance agreed unanimously to approve the meeting minutes as presented.

#### III. Employee Benefits Discussion

Mrs. Christi Tyler mentioned this committee was interested in seeing if there would be cost savings to the district by offering a new employee benefits plan. She invited Mrs. Tammy Morris and Theresa Scott from Lockton. They will be sharing information on the differences between an HRA(Health Reimbursement Arrangement) and HSA (Health Savings Account) along with the benefit packages. This discussion is for informational purposes only.

Mr. Tammy Morris presented the current plans the district has in place. PPO-1,076 has employees, HRA-118 employees and a HMO-555 employees for a total of 1,752 employees in the insurance program. The total premium for this package is \$25,795,817 million. Currently, the district pays 75% of the cost, while the employee pays 25%. If the district were to switch to a HSA plan, the cost would be \$24,876,784. Some of the differences between HSA vs. HRA are the following:

- HSA is owned by the employee and can take with them when they leave, HRA is employer owned and employee loses this benefit when they leave
- HSA funds can earn investment tax-free while contributions are pre-tax, HRA no investing options
- HSA withdrawals are tax-free for qualified expenses

She mentioned HSA is a hard plan to sell without educating the employees. It has a high deductible that tends to be to less attractive. In most instances, when a high deductible is added, initial enrollment of the plan is low, around 5%. However, for the first year to offset the high deductible costs, the district can contribute funds to the employee's HSA account. With a vigorous employee campaign prior to implementation, enrollment can be between 15-20%. If the district were to present this plan, it is recommended to be a multi-year process and wouldn't be introduced until 2022 calendar year. With open enrollment starting November 1<sup>st</sup>, there is not enough time to educate employees. The HSA plan will not result in significant savings with low enrollment. The estimated savings is approximately \$700,000.

Mr. Ken Miller mentioned making this plan mandatory, would have a negative impact on recruiting and retention efforts for the district. The benefit package in place is attractive even with our lower wages than the surrounding districts. Many people take the job due to the benefit package. Jennifer Smith agreed who is a teacher assistant in the district. Mr. Miller stated that is the same case for the secretaries, technology specialists, building nurses, custodians, and bus drivers. This is the difference for them saying yes or no to the job. If the district were to implement this change, it would possibly have to raise wages in order for the district to attract and retain staff. As a result, that cost would offset any savings from the HSA insurance plan. Mr. Eberhardt added the savings from the plan needs to be looked at compounded annually, not just focusing on the first year of implementation.

As a closing topic, Mrs. Christi Tyler wanted to give an update on the bonds. The timeline for DESB bonds to be issued will not be until next summer. She stated the current DSEB bonds are almost completely exhausted. Mrs. Kroner suggest by spring, the committee would like to see what the DSEB bonds were spent on and what the capital projects are for the future along with pictures. Mrs. Tyler agreed.

For the restructuring bonds., some positive news on the sale that took place this morning is the bonds sold for more than what was estimated. The Board chose scenario 2 which projected a savings of \$13.6 million dollars. However, the actual savings turned out to be \$15 million. As a result, there was an additional \$1.4 million in savings. This is part of the bond and interest bucket, not the operating one. Mr. Mueller suggested getting this message out to the taxpayers. It is important. Mrs. Kroner mentioned she will state this update in her committee report at Monday's board meeting. Mrs. Tyler will send the PMA summary she received from Bob Lewis with her board update this week. In this report, it states the final savings of a \$250,000 home by year and total savings overall.

Mrs. Kroner stated the next meeting is scheduled for November 10<sup>th</sup> pending topics. With capital projects and DSEB bonds for the beginning of next year, are there any other topics the committee would like to discuss. Mrs. Sieh questioned the budget and if it will stay as is. Mrs. Kroner shared there are a lot of unknowns until we get started in the classroom. Mr. Eberhardt stated if we adjusted the start date for January, how much of the deficit will be eliminated.

Mr. Blue questioned the transportation budget and believes there should be a reduction of costs. Mrs. Tyler stated the district's reimbursement is based on the miles driven and percentages allocated to SPED, regular routes and extracurricular activities. While the savings seems significant, in reality they are not. Mrs. Tyler stated she will send out her analysis of the transportation expenses year by year to the committee via email.

Mr. Mueller suggested an update on the cost savings associated with the students not returning on the 9<sup>th</sup> of November and waiting till next year. Mrs. Tyler stated the real savings is the PPE and the cost of hiring custodial/nurse aids. The final saving is the bus contract. Even though there will be savings this year, the

district will be impacted by the reimbursement next year. Transportation gets reimbursed the following year for expenses. Mrs. Kroner ended the meeting saying she will update Brent and they will decide if there will be a topic for next month's meeting.

**IV. Public Comment (3 minutes each)**

*There were no individuals present for public comments.*

**V. Adjournment**

*A motion was made by Ruth Kroner to adjourn. All present were in favor to adjourn.*

*Meeting was adjourned at 7:40 p.m.*