

**NORTHWESTERN ILLINOIS ASSOCIATION  
SPECIAL EXECUTIVE BOARD MEETING #5 FY14 AGENDA  
Ogle County Education Center  
Byron, Illinois  
Wednesday, January 22, 2014  
4:00 p.m.**

**Open Meeting Minutes**

**I. CALL TO ORDER**

Date: Wednesday, January 22, 2014

Time: 4:00 p.m.

Location: Ogle County Education Center, Byron, Illinois

Type of meeting: Regular

Name of person taking the minutes: Jean Tritle, Board Secretary

**Name of person(s) presiding: Sarah Willey, Chairperson**

**The meeting was called to order at 4:00 p.m.**

**II. ROLL CALL**

Members in attendance:

1. Kathy Countryman (arrived at 4:04 p.m.)
2. Dennis Daly
3. Kimberly Moore
4. Mike Noble
5. Karen Sanders
6. Pamela Scanlan
7. Lisa Wiet
8. Sarah Willey
9. Tom Zelten

Absent:

1. Drew Hoffman
2. Shelley Nacke

Also present:

1. Laura Frankiewicz, Regional Director
2. Jean Tritle, Board Secretary

**III. APPROVAL OF AGENDA**

**Motion made by: Sanders**

**Motion: to approve the agenda as presented**

Motion seconded by: Daly

**The Chairperson asked for a voice vote.**

**Voice Vote:** "Ayes" – All "Nays" – None

**Action: Approved**

**IV. PUBLIC PARTICIPATION**

**Reception of Guests & Visitors & Opportunity for Public Comment**

There were none.

**V. CLOSED SESSION TO CONSIDER THE APPOINTMENT, EMPLOYMENT, COMPENSATION, DISCIPLINE, PERFORMANCE, OR DISMISSAL OF SPECIFIC EMPLOYEES OF THE PUBLIC BODY OR LEGAL COUNSEL FOR THE PUBLIC BODY, INCLUDING HEARING TESTIMONY ON A COMPLAINT LODGED AGAINST AN EMPLOYEE OF THE PUBLIC BODY OR AGAINST LEGAL COUNSEL FOR THE PUBLIC BODY TO DETERMINE ITS VALIDITY SECTION 2.01 [5 ILCS 120/2.01].**

**Motion made by:** Wiet  
**Motion:** to move into Closed Session at 4:03 p.m.  
**Motion seconded by:** Moore

**The Chairman asked for a roll call**

**Roll Call:**

“Ayes” – Daly, Moore, Noble, Sanders, Scanlan, Wiet, Willey, Zelten

“Nays” – None

**Action:** Approved

**Motion made by:** Moore  
**Motion:** to move return to Open Session at 4:13 p.m.  
**Motion seconded by:** Zelten

**The Chairman asked for a roll call**

**Roll Call:**

“Ayes” – Daly, Moore, Noble, Sanders, Scanlan, Wiet, Willey, Zelten, Countryman

“Nays” – None

**Action:** Approved

**VI. CONSENT AGENDA**

- A. Approval of Open Session Minutes of Meeting #4 on December 11, 2013**
- B. Approval of Closed Session Minutes of Meeting #4 on December 11, 2013**
- C. Approval of Personnel Report**
- D. Approval of Accounts Payable for January 2014**
- E. Acknowledgment of Receipt of Treasurer’s Report for the Months of November 2013 and December 2013**

**Motion made by:** Zelten  
**Motion:** to approve the Consent Agenda as presented  
**Motion seconded by:** Daly

**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Moore, Noble, Sanders, Scanlan, Wiet, Willey, Zelten, Countryman, Daly

“Nays” – None

**Action:** Approved

**VII. REGIONAL DIRECTOR'S REPORT (No motions needed)**

**A. HLERK – The Extra Mile – January 2014 Edition**

No discussion.

**B. Update of Regional Director's Annual Goals**

Frankiewicz reviewed the two goals she had set for the past year. Her first goal was to work with a financial consultant, which was a carryover goal from the previous year. Frankiewicz reported that Cheryl Crates has been assisting her with this task. Crates was the CFO for District #300 and is well-versed in school finance. They have been reviewing the Articles of Agreement for guidance and will have recommendations for the Board in the spring.

Frankiewicz's second goal was to develop Mission and Vision statements for the NIA. Consultant Nancy Locke has been working with the Coordinators and Supervisors to develop these two items. A draft of both items will be presented to the Board at their February meeting. She added that they are also working on developing core values for the organization. This goal should be met by the end of the school year.

**C. Discussion of Regional Director Evaluation Process**

Frankiewicz informed the Board that the Evaluation Committee had met in November and asked Committee member Wiet to report on their meeting. Wiet stated that the Committee took into consideration the statements made by the Board members after the evaluation process was completed last year. The consensus of the Board at that time was that NIA employees should not be evaluating the Director; this should be done by the Board members, with the employees providing feedback. The Committee revised the current evaluation tool and divided it into two pieces – one to be completed by the Board members and the second by all full-time coordinators for their feedback only. Directors from member districts also used to participate in the evaluation process. A survey will now be used to solicit feedback from them on the services provided by the NIA.

Wiet also reported the procedure document that governs the evaluation process was written in 1985 and is not being followed, per se. The Committee will eventually revamp the procedure and will also look at other evaluation vehicles to use in the future. Countryman stated that her Board uses a 360 degree evaluation process and offered to give the Committee a copy of their form to review. Noble said this was form of evaluation is used in his organization as well.

**D. Statement of Economic Interest**

Frankiewicz reported that the Statements will no longer be completed on-line. Paper statements will be sent to all of the Board members, which should be completed and returned to the DeKalb County Clerk by May 1, 2014.

## VIII. ACTION ITEMS

### A. Approval of Regional Director's Contract for FY15

**Motion made by:** Daly

**Motion:** to table the Regional Director's Contract for FY15 until the February Board Meeting

Motion seconded by: Scanlan

**The Chairperson asked for a roll call:**

**Roll Call:**

"Ayes" – Noble, Sanders, Scanlan, Wiet, Willey, Zelten, Countryman, Daly, Moore

"Nays" – None

**Action:** Approved

### B. Approval to Switch to Modified Accrual Accounting

**Motion made by:** Wiet

**Motion:** to approve Switching from Cash Basis to Modified Accrual Accounting

Motion seconded by: Daly

Frankiewicz explained that Financial Consultant Cheryl Crates made this recommendation due to the fact that it is difficult to mesh the audit with the budgeting processing using the cash basis process. When using the cash basis, when going through the budgeting process the past few years, it appears we will have a deficit for the year, but we have been ending up with a surplus each time. Modified accrual will allow us to book items in the year in which they are purchased – not when they are paid. ISBE also recommends using the modified accrual process. Our auditors estimate it will take 14 – 15 months for this system to be fully put into place.

Wiley stated that she likes the modified accrual method because it books revenues and expenses in the year in which they are earned and incurred.

**The Chairperson asked for a roll call:**

**Roll Call:**

"Ayes" – Sanders, Scanlan, Wiet, Willey, Zelten, Countryman, Daly, Moore, Noble

"Nays" – None

**Action:** Approved

### C. Approval of Revised Agreement with Auditor

**Motion made by:** Zelten

**Motion:** to approve the Revised Agreement with the Auditor Due to the Change to the Modified Accrual System

Motion seconded by: Moore

Frankiewicz referred the Board members to the handout pertaining to the revisions to the Audit Agreement, specifically page 4, which illustrated the increase in the fee charged to conduct the audit due to the change to the Modified Accrual System. The Auditors would charge approximately \$6,000 more in fees to make this change. Zelten asked if this was a one-time charge and Frankiewicz confirmed that it is.

**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Scanlan, Wiet, Willey, Zelten, Countryman, Daly, Moore, Noble, Sanders

“Nays” – None

**Action:**                            **Approved**

**D. Approval of the NIA Fund Balance Directive**

**Motion made by:**                            **Sanders**

**Motion:**                                    **to approve the NIA Fund Balance Directive of 25% of Total Expenditures**

Motion seconded by:                        Daly

Frankiewicz reported that, on the recommendation of Cheryl Crates, a spreadsheet had been developed to compare the NIA budgeting process with the results of audits over a five-year time span. The result of this exercise shows that the NIA has gradually increased its fund balance over this period of time. While the State recommends that School Districts maintain a fund balance equal to 25% of its anticipated expenditures, the NIA Board has never addressed or given guidance on this issue. She recommended that the Board develop a policy statement to outline how we will achieve this goal and how we will maintain it when the goal is reached, adding that the switch to the Modified Accrual System will create a slight set back in the time frame needed for reaching it. Developing a fund balance policy helps with the budgeting process as it gives guidance as to whether or not fees for service should be increased to keep the fund balance at its target goal. The fund balance aids in giving us an accurate view of the organization’s financial health.

Willey agreed that it will be difficult to project a time frame for when the goal will be reached due to the shift to the Modified Accrual Accounting.

Zelten argued that the daily rate should reflect actual – not projected – costs. Frankiewicz answered that a fund balance policy would aid us in the process of setting the rates accurately.

Wiet stated that the fund balance is a guiding principle to utilize when budgeting.

Noble stated that the fund balance becomes an asset to the organization and asked how it would be split out amongst the member districts if the NIA were to be dissolved. Frankiewicz stated that the division of assets is outlined in the Articles of Agreement. Noble answered that he does not want to price organizations out of using NIA services in order to maintain a fund balance. He added that the NIA is a service organization in which the districts pay for the cost of the services provided; therefore, a fund balance is not necessary. Frankiewicz answered that cash-on-hand must be maintained in order to pay current expenditures, such as payroll. Noble countered that the NIA should not be run as a school district. Zelten agreed, adding that the co-op would send an “equalization billing” to the member districts if a shortfall occurs; he added that the member districts are the co-op’s funding source.

Willey asked if there is any merit for the NIA to maintain a fund balance. Zelten answered that there is, since the co-op must be able to make it payroll and pay bills. However, the fund balance should be based on what the market will bear and not on a specific percentage. If the co-op runs out of money, it should turn around and bill the districts. Frankiewicz stated that the 25% was a proposed target that could be changed at the Board’s discretion. Wiet stated

that a fund balance directive was not really spelled out in the handout given to the Board. She suggested that the fund balance could be calculated based on the amount of the bi-monthly payroll. She added that fund balances are an important tool for School Boards to review to see if their districts are financially healthy. For this reason, member districts should not pay an assessment fee based upon maintaining a specific fund balance. She also cautioned that a fund balance policy needs to be flexible, as needs change each year. Zelten agreed, adding that the NIA Board represents member districts and should be watching out for their best interests. He also agreed that they do not need a target goal of 25%; a policy could be developed by analyzing all revenues and expenditures.

Noble stated that he would agree to keeping and maintaining a fund balance, but would be against raising the fees paid by the districts in order to maintain a specific amount.

Willey informed the Board that the Budget and Finance Committee was recommending that the daily rates be kept the same as last year, which will help to ensure that the districts do not feel they are supporting the NIA's fund balance. Zelten stated that he wants to review each service the NIA offers to see how the funds are being used based upon their costs.

Frankiewicz stated that she was looking for philosophical direction from the Board and that the spreadsheet they had developed shows a more positive picture than we originally thought. The spreadsheet affirms that we have been on target and that we don't need to raise the rates if we do not need to. Guidance is helpful in determining what is desirable, which may not be 25%. The Board should consider a level with which they would be comfortable. She added that former Board member Jay Augustine always looked at cash flow and fund balance when reviewing the NIA's monthly Treasurer's Report.

Willey asked how close we are to the 25% goal at this time. Wiet calculate that the current balance is approximately 20%. Zelten reiterated that he does not feel it is necessary for it to be this high.

Countryman suggested that the Board may not be ready to take action on this item at this meeting. She recommended that the motion be tabled for now so that an analysis can be performed that show what the service fees actually pay for. Once that is determined, a budget directive can be developed. Zelten agreed, stating that we are definitely moving in the right direction. Willey suggested waiting until after the next Budget and Finance Committee meeting to come back to the Board with a directive based upon tonight's discussion.

**The Chairperson asked for a roll call:**

**Roll Call:**

"Ayes" – Willey, Daly

"Nays" – Scanlan, Wiet, Zelten, Countryman, Moore, Noble, Sanders

**Action: Failed**

## **E. Approval of FY15 Teacher Salary Increase**

**Discussion was held before the motion was made.**

Frankiewicz explained that the Salary Proposal given to the Board tonight for their consideration would apply to both certified and non-certified staff. The need for a change in the method used to determine salary increases has arisen from the fact that the majority of NIA employees are non-certified staff who have been receiving an average increase of 2% per year whereas teachers were receiving step increases of at least 3.5%, which did not seem

equitable considering the makeup of the staff. The proposal before them essentially ties salary increases to the December CPI, which was 1.5% for December 2013. The CPI could be used as a guide by the Board in determining the amount of the annual increase for all staff members, or the Board could use the CPI figure itself when granting increases. Frankiewicz proposed that, if the CPI is used as a guide, the Board could set a floor of 1% and a ceiling of 3%, which can be decided upon by the Board on an annual basis. Per the proposal, the amount of the increase each employee would receive would be based upon his or her performance evaluation starting in FY16, as that is when all employees will begin to be evaluated on a 4-point scale. The new scale would be developed that would resemble the one used in the Danielson model. An employee receiving a “proficient” rating would receive the full percentage increase, while an employee who receives a “needs improvement” rating would receive half of the percentage increase; employees receiving an “unsatisfactory” rating would receive no increase. Employees who receive an “excellent” rating would receive the full percentage increase plus an additional incentive amount (for example \$500.00), which would be prorated for employees working less than full-time; the incentive would not be added to their base salary. Under the current ratings system, employees who receive an “excellent” rating receive the full percentage increase, while those who receive a “needs improvement” receive half of the percentage increase; employees receiving an “unsatisfactory” rating receive no increase.

Frankiewicz reported that, for budgeting purposes, they have projected a 2% increase for staff members on FY15. At this point, the Board could approve the 2% proposed or use the CPI figure of 1.5%.

Frankiewicz also explained that the Teachers Salary Schedule would no longer be used for step and lane changes; it would only be used as an entry-level guide. Lane changes to recognize and reward professional development would still exist for teachers, therapists, and audiologists in the form of a stipend that would be added to their base salary. Frankiewicz stated that she learned at the Triple I Conference that many school districts are moving away from Teacher Salary Schedules and toward tying annual increases to the CPI. She would like to move away from granting different increases to different employee groups each year.

Moore commented that the performance evaluations must be strong and solid if they will be used to determine those employees who are eligible for merit pay each year. One supervisor may evaluate his or her staff members differently than another supervisor does, which would cause inequity issues. The evaluators should be trained for consistency or the employees will not accept this system. The merit pay component should be set aside until it has been ascertained that the supervisors are all using the same criteria when evaluating their staff members. Scanlan suggested using a more objective method for granting merit pay, such as to all employees who did not use any sick time during the last school year.

Frankiewicz reiterated that the merit pay component will not be used until FY16 and recommended that the Board pass a 2% increase for all staff members for FY15.

Wiley cautioned that eliminating the Teacher Salary Schedule could cause the Teachers to consider joining a bargaining unit and that is a risk for which the Board should be prepared. She agreed with the 2% increase for all employees for FY15. Countryman asked if the proposed 2% increase was derived from the December 2013 CPI. Frankiewicz confirmed that it was. Countryman stated she favored using the CPI as a tool when determining future increases and agreed with the 2% increase for FY15, adding that Sycamore had a hard freeze this year.

Moore asked Frankiewicz to report to the Board the reactions of the Teachers to the elimination of the Salary Schedule. Frankiewicz said that she would.

**Motion made by:** Zelten  
**Motion:** to approve the FY15 Teacher Salary Increase of 2% with Movement Increases as Presented in the Handout  
Motion seconded by: Daly

**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Wiet, Willey, Zelten, Countryman, Daly, Moore, Noble, Sanders, Scanlan

“Nays” – None

**Action:** Approved

**F. Approval of FY15 Staff Salary Increases**

**Motion made by:** Scanlan  
**Motion:** to approve the FY15 Staff Salary Increase of 2% with Movement Increases as Presented in the Handout  
Motion seconded by: Moore

No discussion

**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Willey, Zelten, Countryman, Daly, Moore, Noble, Sanders, Scanlan, Wiet

“Nays” – None

**Action:** Approved

**G. Approval of Daily Rates for FY15 Baseline/Program Support**

**Discussion was held before the motion was made.**

Frankiewicz referred to the Budget scenario summary and the proposed Daily Rate spreadsheets distributed to the Board. If we anticipate 100% receipt of Personnel Reimbursement, grant all staff salary increases at 2%, increase O & M by 5%, and increase insurance costs by 15%, changing the Daily Rates as follows would produce the following results:

- ▶ Keeping FY15 Daily Rates at FY14 levels results in a \$167,000 deficit;
- ▶ Increasing the Daily Rate by 1%, results in a \$50,000 deficit;
- ▶ Increasing the Daily Rate by 1.5% results in a \$9,000 surplus;
- ▶ Increasing the Daily Rate by 2.0% results in a \$67,000 surplus.

Frankiewicz recommended that the Board vote to keep the Daily Rates at the FY14 levels, as we can live with a \$167,000 deficit at this point in time.

**Motion made by:** Scanlan  
**Motion:** to approve the FY15 Daily Rates for FY15 Baseline/Program at FY14 Levels Support  
Motion seconded by: Zelten



**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Zelten, Countryman, Daly, Moore, Noble, Sanders, Scanlan, Wiet, Willey

“Nays” – None

**Action:                      Approved**

**H. Approval of Budget Parameters for FY15**

**Motion made by:                      Daly**

**Motion:                                      to approve the Budget Parameters for FY15**

Motion seconded by:                      Moore

Frankiewicz explained that Budget and Finance Committee recommended the following Budget Parameters:

- ▶ \$2.00 ADA Assessment Fee
- ▶ Personnel Reimbursement receipts at 100%
- ▶ No increase to Contract Service Fees
- ▶ Reduction in Vision Teachers Services to Harlem School District (they will hire their own)
- ▶ Increase of 5% in O & M Fees
- ▶ Increase of 15% in insurance premiums. Frankiewicz reported that the Health Savings Account medical plan has gained in popularity; we now have 23 employees participating in it.
- ▶ Keeping Admin Outreach revenues level

**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Countryman, Daly, Moore, Noble, Sanders, Scanlan, Wiet, Willey, Zelten

“Nays” – None

**Action:                                      Approved**

**I. Acceptance of Final Notice of Reduction in Contractual Services for FY15**

**Motion made by:                                      Moore**

**Motion:    to accept the Final Notice of Reduction in Contractual Services for FY15**

Motion seconded by:                                      Daly

Frankiewicz reported that North Boone withdrew its request to terminate Therapy Services through the NIA. Harlem School District confirmed they will only reduce Vision Services and are keeping Therapy Services through the NIA.

**The Chairperson asked for a roll call:**

**Roll Call:**

“Ayes” – Daly, Moore, Noble, Sanders, Scanlan, Wiet, Willey, Zelten, Countryman

“Nays” – None

**Action:                                      Approved**

**IX. Chairperson's Comments and Other Business**

There were none.

**X. ADJOURNMENT** – The Chairperson asked for a motion to adjourn the meeting.

**Motion made by: Daly**

**Motion: to Adjourn**

Motion seconded by: Scanlan

**The Chairperson asked for a voice vote:**

Voice Vote: "Ayes" - All "Nays" - None

**Action: Passed**

**Meeting adjourned at 5:34 p.m.**