



*A Community of Learners*

## **Informational Memo - D109 NSSED Withdrawal Resolution**

To: School Board  
Superintendent Kocanda

From: Beth Martin, *Director of Student Services*

September 29, 2015

### **Background Regarding Special Education Cooperatives**

The majority of special education cooperatives have been developed to bring low incidence programs and services to students within a county or larger metropolitan area. School districts within the region become members of that cooperative. Many cooperatives provide professional development and coaching services to their member districts, and the specialized programs offered enable member school districts to meet the educational needs of students with unique or more complex disabilities.

### **Overview**

*Superintendent of North Suburban Special Education District (NSSED), Dr. Tim Thomas, has communicated with member districts the intent of Deerfield School District 109 to withdraw from NSSED. District 109 submitted their intent to withdraw from NSSED in December 2014 with an anticipated withdrawal date of June 30, 2016.*

Dr. Michael Lubelfeld, Superintendent of D109, and Dr. Jenell Mroz, Executive Director of Student Services at D109, sponsored informational meetings this past July where administrators, Board members and community members of NSSED member districts were invited to attend. Superintendent Kocanda, Chief Financial Officer Kurr, Board Member Pehlke, and I attended one of these informational meetings.

D109 leadership also attended the most recent Board meeting at NSSED. Here, they indicated the intent of D109 to withdraw from NSSED regardless of the outcome of the

member districts vote on the proposed resolution to withdraw. D109 leadership stated that the withdrawal of D109 from NSSED is not financially based, and that D109 is in the position to solely provide services to special education students within their District boundaries without the need for support from NSSED. If ever in need of services from NSSED, D109 would pay a non-member premium for these services and would only have access to services after all member districts' needs were fulfilled.

NSSSED Superintendent Thomas has stated that the withdrawal of D109 will not have a negative financial impact on other member districts, as any loss in revenue would be absorbed within NSSED. Although withdrawal of D109 may not negatively impact member districts financially at this time, consideration must be given to the cumulative effect multiple withdrawals of other districts from NSSED could feasibly have on The Winnetka Public Schools.

The School Board of Winnetka District 36 has been asked to take action on the resolution for withdrawal by October 2015.

### **Deerfield 109 Withdrawal Impact on Winnetka and NSSED**

#### *Student Impact*

D109 has developed a comprehensive plan to manage the special education needs of students within their district's boundaries. Programs offered include options for students encompassing the entire age range of the District, PreK - 8th grade. At the presentation this past July, D109 leadership indicated that they might continue to access some programming and services from NSSED and would be willing to pay the non-member premium to do so. D109 leadership acknowledged that one consequence of withdrawing from NSSED is that any possible enrollment in these programs would be contingent upon availability. This could negatively impact services for a student.

There is no direct student impact on D36 students in NSSED programs as NSSED guarantees access to member districts.

#### *Financial Impact*

Revenue sources for NSSED include program tuition per student enrolled (e.g. North Shore Academy), purchased services as contracted through each member district (occupational therapy, physical therapy, etc.) and an assessment that is calculated on District enrollment (currently \$16.89 per student). D109 is one of 18 member districts. D109 has over 3000 students and is one of the largest elementary districts in the cooperative.

It is difficult to determine the full financial impact, as information regarding which NSSSED programs or services that D109 may wish to withdraw from and those that they may wish to continue to utilize has not yet been determined. However, NSSSED performed preliminary calculations that determined that in the near term member districts would not experience any significant impact should D109 withdraw. Operating costs would be adjusted to align with revised service requirements. NSSSED is committed to and believes it will be able to make similar financial adjustments in the future in the event other districts may leave the co-op. However, there is no certainty that this would be favorably accomplished.

Another long-term financial consideration is; what would happen if most, if not all but one, district(s) leave the co-op, forcing its dissolution? The NSSSED bylaws address the financial implication of dissolution. In essence there is a formula where districts share in the Net Assets of the co-op based on their defined percentage participation in the co-op's services. The percentage is based on a numerator equal to the lesser of the number of district students serviced by NSSSED either at the time of withdrawal, if more recent than 20 years, or at the time of dissolution. The denominator is equal to the number of students of the current member districts being serviced by NSSSED; at the time of dissolution, plus the greater of the total number of students of previously withdrawn districts being serviced by NSSSED either at the time of withdrawal or dissolution. NSSSED indicated a current calculation based on book value resulted in a positive Net Asset position, such that District 36's share would be about \$1million. The actual calculation would require an appraisal of the real estate, a large factor in the formula. The volatility of the real estate market also adds to the financial uncertainty of any diminished participation in NSSSED.

## **Recent Updates**

On September 8, 2015, Deerfield High School District 113 voted "no" regarding approval of the resolution for D109 to withdraw from NSSSED (all students from D109 attend high school at D113). As a result of this vote, D109 will be seeking a non-consensual withdrawal from NSSSED. The non-consensual process for withdrawal will include a hearing with the a representative committee of Township Trustees and the Lake County Regional Office of Education to determine next steps for D109.

## **Legal Opinion**

We have sought a legal opinion in this matter and have been provided with the following information for consideration:

- As a School Board, it is not necessary to take a vote regarding the ability of another school district to take care of their own special education students.

- If we choose to not approve the resolution for D109 to withdraw, we can be guided by our own philosophical reasons and future operational uncertainties for doing so.

### **Next Steps**

The School Board can engage in a discussion regarding how best to proceed regarding this matter at the September 29, 2015, meeting. Three options for consideration include:

- Vote “yes” to approve the resolution to withdraw
- Vote “no”
- Abstain

The administration will provide a recommendation to the Board regarding action pending discussion at the September School Board meeting. The Board will be asked to take action on this item at its October 20, 2015, Board meeting.