

2003 DRAFTING REQUEST

Bill

Received: **08/21/2003**

Received By: **pgrant**

Wanted: **As time permits**

Identical to LRB:

For: **Bonnie Ladwig (608) 266-9171**

By/Representing:

This file may be shown to any legislator: **NO**

Drafter: **pgrant**

May Contact:

Addl. Drafters:

Subject: **Education - handicapped ed.
Education - miscellaneous**

Extra Copies: **MJL**

Submit via email: **YES**

Requester's email: **Rep.Ladwig@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Racine County Childeren with Disabilities Education Board

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pgrant 08/28/2003	kgilfoy 09/05/2003					
/P1	pgrant 09/24/2003	kgilfoy 09/24/2003	jfrantze 09/05/2003		sbasford 09/05/2003		Local
/1	pgrant	kgilfoy	rschluet		lemery	lemery	Local

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	10/13/2003	10/13/2003	09/25/2003 _____		09/25/2003	10/09/2003	
/2			rschluet _____ 10/14/2003 _____		sbasford 10/14/2003	sbasford 10/14/2003	

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<END>

*AA
mto.*

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/1			rschluet		lemery	lemery	

12-10/13 King

10-19-3

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			09/25/2003 _____		09/25/2003	10/09/2003	

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/1			rschluet	_____	lemery		

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			09/25/2003 _____		09/25/2003		

FE Sent For:

<END>

MARK JANIUK
CORPORATION COUNSEL
RACINE COUNTY

RACINE COUNTY COURTHOUSE
730 WISCONSIN AVENUE
RACINE, WISCONSIN 53403

PHONE 262-636-3876
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DOUGLAS B. STANSIL
FINANCE DIRECTOR

730 WISCONSIN AVENUE
RACINE COUNTY
RACINE, WISCONSIN 53403

PHONE 262-636-3706
FAX 262-638-7794
E-MAIL: DougS@racineco.com

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/?	pgrant 08/28/2003	kgilfoy 09/05/2003					
/P1		11-9/24 Kmg	jfrantze 09/05/2003		sbasford 09/05/2003		

[Handwritten signature and date]
9-25-03 pb

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/?	pgrant	1/1 - 9/5 King	9/5	9/5			

FE Sent For:

<END>

8/21/03

Turner, Wilch, Ludwig

Janini
(Ludwig)

abolished CFCB (Racine)

6/30/66

liabilities & assets : ???

2 long-term L's :

- ① post-retirement health benefits for life of retirees (154K)
- ② post-retirement liability (4K)

stat. req's all A & L be distrib to sd's
 must ~~do~~ Δ , just for Racine
 options -

1. warranty levy - but R 'united' ^{sd} not part of CFCB
2. the western Racine city just for these purposes
(allow 'em to continue to tax)

but ^{all} ~~just~~ A's get distributed? YES
 deal w/ all L's this way? or just certain?

[sd's worry abt rev. caps]
 transfer of some sp'ls only to 1st year
 + inc. work in subsequent yrs.

allow? or require? [must happen this way]
 Racine only, specify

& then can continue to tax for those purposes

can B. Ludwig w/ 9's

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

RETIREE MEDICAL BENEFITS

July 8, 2003

A MILLIMAN GLOBAL FIRM



Milliman USA

Consultants and Actuaries

15800 Bluemound Road, Suite 400
Brookfield, WI 53005-6069
Tel +1 262 764.3338
Fax +1 262 764.7287
www.milliman.com

July 8, 2003

Racine County
730 Wisconsin Avenue
Racine, WI 53403

ATTENTION: Douglas B. Stansil, Finance Director

RE: SFAS 106 Accounting Information for Racine County School District

Ladies and Gentlemen:

Pursuant to your request, we have completed an actuarial determination of the potential disclosure items relating to the proposed retiree health benefits for the School District covering the present and future retired employees as of June 30, 2005, assuming all School District employees would be terminating on this date. The results of our calculations are set forth in the following report, as are the actuarial assumptions and actuarial cost method on which our calculations have been made and reflect the procedures and methods prescribed in the Statement of Financial Accounting Standards No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions.

While Racine County is a governmental employer not subject to SFAS 106, we believe that SFAS 106 methodology and assumptions present a fair and reasonable picture of the future benefit obligations for Racine County. Accordingly, we have presented the Expected Post-retirement Benefit Obligation (EPBO) using SFAS 106 methodology and assumptions.

Actuarial computations under Statement of Financial Accounting Standards No. 106 are for purposes of fulfilling employer accounting requirements in the private sector. The calculations reported herein have been made on a basis consistent with our understanding of SFAS No. 106. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes, such as judging benefit security at termination or adequacy of funding for an ongoing plan.

This report is intended for the sole use of the addressee and is intended only to supply sufficient information for the Plan Sponsor to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purpose puts the relying entity at risk of being misled. Accordingly, no person or entity, including the addressee, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Milliman USA.

Mr. Douglas B. Stansil
July 8, 2003
Page Two

We, Gerald R. Bernstein and William V. Hogan, are actuaries for Milliman USA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

In preparing this report, we have relied on the employee data and plan provisions furnished to us by Racine County. We have reviewed this data for reasonableness. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

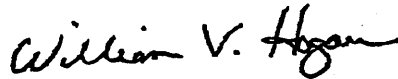
On the basis of the foregoing we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice and Actuarial Compliance Guidelines of the American Academy of Actuaries.

Respectfully submitted,

Milliman USA



Gerald R. Bernstein, F.S.A., M.A.A.A.
Consulting Actuary



William V. Hogan, F.S.A., M.A.A.A.
Consulting Actuary

GRB/WVH/bh

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

DISCUSSION OF CONTENT OF ATTACHED EXHIBITS

This report summarizes the balance sheet entries and disclosure items using the methods and procedures as prescribed in the Statement of Financial Accounting Standards No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions.

Exhibit A shows the calculation as of June 30, 2005 of the Expected Postretirement Benefit Obligation (EPBO) determined according to SFAS 106 accounting methodology. The EPBO represents the present value of all medical benefits expected to be paid to current retirees and future retirees under the provisions of the plan summarized in Exhibit B.

Exhibit B summarizes the Actuarial Methods, Assumptions and Plan Provisions utilized in preparing the numbers shown in the earlier exhibits. These assumptions are proposed based upon our experience in preparing these calculations.

Exhibit C summarizes the participant data used for this report.

*Exhibit A***RACINE COUNTY SCHOOL DISTRICT**

**SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)**

BENEFIT OBLIGATIONS AS OF JUNE 30, 2005

Expected Postretirement Benefit Obligation (EPBO) at June 30, 2005 **\$12,853,257**

Since the EPBO is calculated based upon the present value of medical benefits payable at some time in the future, it may be helpful to get a sense of the expected change in the EPBO after the passage of one year. The following items would be expected to impact the EPBO.

Interest Cost is expected to increase the liability by	\$ 831,137
Expected Medical Benefits paid in excess of retiree contributions is expected to decrease the liability by	\$ 133,082
Expected EPBO at 6/30/06 will be	\$13,551,312

An increase in the medical trend rate of 1% for each year is estimated to increase the Expected Postretirement Benefit Obligation by \$1,485,571. A decrease in the medical trend rate of 1% for each year is estimated to decrease the Expected Postretirement Benefit Obligation by \$1,199,759.

These rates were selected based upon current market conditions and our best estimate of future experience.

See Exhibit B for additional actuarial assumptions used in this measurement.

The calculation of the above items is based upon:

Census data at May 1, 2003.
Measurement date as of June 30, 2005.

Exhibit B

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

1. **Method of Valuation:** Since we have assumed that all School District employees who are eligible for benefits at June 30, 2005 will retire and collect those benefits, we have calculated the present value as of June 30, 2005 of employer-provided medical benefits to be received by retirees after that date. This present value has been labeled as the Expected Post-retirement Benefit Obligation (EPBO). We have assumed that the entire EPBO will be accrued as a liability resulting in no transition amount needed to be amortized as future expense.

In years following the initial application, a plan amendment may change the amount of EPBO. The amount of change is a **Prior Service Cost**, and is to be amortized (recognized) in equal annual installments of principal over the average life expectancy, at date of plan amendment, of plan participants expected to receive benefits.

2. **Net Periodic Pension Cost:** For any year the Net Periodic Pension Cost is equal to the following:
- ◆ Interest on the Projected Benefit Obligation, less
 - ◆ Expected Return on Assets (if any), plus
 - ◆ Amortization of principal on the Past Service Cost and Losses or (Gains).
3. **Fair Value of Plan Assets as of the Measurement Date:** No assets are assumed to be dedicated solely to the post-retirement medical plan.

Exhibit B
(Continued)

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

4. **Actuarial Assumptions:** The discount rate on liabilities for Exhibit A is 6.50%. At June 30, 2005, all eligible employees are assumed to retire and elect coverage. Prior to June 30, 2005, the following assumptions were used.

Mortality Rates: Wisconsin Retirement System mortality male and female as appropriate.

Termination and Disability Rates: Sample rates provided below:

% of Active Participants Terminating Prior to June 30, 2005

Age &	Service	School District	
		Male	Female
	0	10.1%	10.0%
	1	7.0	7.0
	2	5.3	6.0
	3	3.8	5.4
	4	3.5	4.0
25	5 & Over	2.7	3.5
30		2.7	3.5
35		1.5	2.3
40		1.2	1.5
45		1.0	1.2
50		0.9	1.2

Exhibit B
(Continued)

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

% of Active Participants Becoming Disabled Prior to June 30, 2005

Age	School District	
	Male	Female
20	0.01%	0.01%
25	0.01	0.01
30	0.01	0.01
35	0.01	0.01
40	0.02	0.02
45	0.05	0.07
50	0.14	0.13
55	0.26	0.19
60	0.43	0.28

% Retiring Next Year (Early Retirement Pattern) Prior to June 30, 2005

Age	School District	
	Male	Female
55	0.1300	0.1100
56	0.1000	0.0700
57	0.0600	0.0800
58	0.0800	0.0900
59	0.0900	0.1000
60	0.1000	0.1300
61	0.1500	0.1400
62	0.1500	0.2000
63	0.1500	0.2000
64	0.1500	0.2000

Exhibit B
(Continued)

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

% Retiring Next Year (Normal Retirement Pattern) Prior to June 30, 2005

Age	School District	
	Male	Female
50		
51		
52		
53		
54		
55		
56		
57	30%	25%
58	30	22
59	30	22
60	30	25
61	30	23
62	45	36
63	45	25
64	45	40
65	55	40
66	50	31
67	40	20
68	40	20
69	40	20
70	40	20
71	40	20
72	40	20
73	40	20
74	40	20
75	100	100

Exhibit B
(Continued)

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

Percentage Married: Current status is expected to continue through retirement.

2003 Average Annual Claim Costs: The average annual claim costs of benefits utilized in the projections are summarized below:

AVERAGE ANNUAL CLAIM COSTS AS OF DECEMBER 31, 2003						
Age	25		40		55	
	Male	Female	Male	Female	Male	Female
Single	\$1,759.56	\$4,188.84	\$ 2,976.00	\$ 4,891.20	\$ 6,505.80	\$ 7,110.48
Family	9,279.12	8,011.92	11,491.20	10,075.56	14,068.32	12,233.28

The costs shown above are before the effect of contributions.

Medical Trend Rates: Annual per capita benefit costs were projected to grow each year due to increases in the cost of health care attributable to inflation, utilization and changes in the types of services provided. This is referred to as "trend" in the report. The trend rate assumed was as shown below:

Year	Medical Trend
2004	14.0%
2005	12.0
2006	11.0
2007	10.0
2008	9.0
2009	8.0
2010	7.0
2011	6.0
2012	5.0
2013&beyond	4.5

Exhibit B
(Continued)

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

MEDICAL COVERAGE

Eligibility:

At June 30, 2005, any employee may retire if they have 20 years of service. Spouse coverage is also provided. Prior to June 30, 2005, coverage was:

1. Retired employees age 55 or above may continue coverage for the remainder of their life. For certain groups of employees hired after a specified "Start Date," coverage after retirement ends when they reach Medicare Eligibility Age (generally age 65). For School District employees, the "Start Date" is October 1, 1999.
2. The spouses of retirees in (1) above may also continue the group plan while the retiree is in the plan. After the death of a retiree, the surviving spouse may continue coverage during the normal COBRA period by paying the full COBRA premium. For certain groups, spouses of employees hired before the Start Date above who retire after a specified "Retirement Date," their coverage after death of the retired participant may be continued for their lifetime. For School District employees, the start date is January 1, 1999.
3. For certain groups, spouses of employees hired after a specified "Start Date" may have coverage after the death of the retired participant continued until they reach Medicare eligibility Age (generally age 65). For School District employees, the start date is October 1, 1999.

Basic Benefits:

Retirees are eligible to continue medical coverage in the benefit plan in which they are enrolled at retirement. Therefore, current and projected retirees are assumed to be enrolled in five benefit plans, four of which are self-insured (Plan 6, Plan 7, Plan 2, and Plan 3) and one that is fully insured (Humana). The majority of current retirees and actives (71% and 97%, respectively) are enrolled in Plan 6. The retiree cost projections assume that the experience data provided by Wausau Benefits was representative of Plan 6 costs and that future retiree medical costs, for current active employees and retirees, will be consistent with Plan 6 benefits.

*Exhibit B
(Continued)*

RACINE COUNTY SCHOOL DISTRICT

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

ACTUARIAL METHODS AND ASSUMPTIONS

Premium Code	2003 Retiree Total Monthly Premium				
	Plan 6	Plan 7	Plan 2	Plan 3	Humana
11	\$ 358	\$ 332	\$ 449	\$ 366	\$ 751
33	1,003	931	1,259	1,024	2,014
44	269	250	331	273	612
55	542	503	663	549	1,225
66	631	586	780	641	1,364

Retirees pay a percentage of the total monthly premium based on years of service at retirement:

Years of Service at Retirement	Employee Percentage
25+	5%
20-24	10
15-19	20
10-14	25
5- 9	40
1- 4	50

RACINE COUNTY SCHOOL DISTRICT*Exhibit C*

SFAS 106 Study
Projected to June 30, 2005
(Accounting Requirements)

CENSUS RECONCILIATION

Active*	Eligible @ 6/30/05
12/31/03 Count	55

Retirees**	Total
Eligible for Medical Benefits 12/31/03	25

**Active employees with no health insurance were assumed to retire with single coverage.*
***Does not include retirees without health insurance.*

R:\CLIENTS\RAC\RACNESD2003.DOC

COUNTY OF RACINE

RACINE COUNTY COURTHOUSE
1931
730 Wisconsin Avenue
RACINE, WISCONSIN
53403

FINANCE DEPARTMENT
DOUGLAS STANSIL

PHONE 262-636-3706
Racine County Courthouse
Toll Free 1-800-242-4202

July 16, 2003

County Board of Supervisors:

Estimates of County Schools assets and liabilities

Upon dissolution of the County School District the assets and liabilities of the District are allocated to the eleven schools districts in western Racine County. The exact amount of the assets and liabilities will be determined as of the date of dissolution. The current resolution before the County Board sets this date as June 30, 2005.

Questions have arisen as to the estimate of these assets and liabilities. This memo identifies our current best estimates of those material assets and liabilities. The final amounts will change to some degree.

School Assets - The Unreserved Fund Equity of the County School District as of December 31, 2002 is \$4,266,321. The audit of the County's 2002 financial statements may adjust this figure. This figure includes the cash and receivables less the short term payables of the School District as of the financial statement date. Because these statements are prepared under governmental accounting rules they do not include capital assets or long term liabilities. Capital assets include equipment, building, and land. Long term liabilities include the prior service liability and post retirement benefits which are described in greater detail below.

Since the County follows accepted governmental rules, Schools assets do not include the value of the School building in Union Grove or the equipment owned by the County Schools. The main asset that belongs to the County School District is the building located at the intersection of Highway 11 and Highway 45 in Union Grove. The building next door, Storm Hall, was sold for the amount of \$130,000 in 1992. The existing County School building itself is not a practical building for most operations and the value of the site is probably tied to the value of the land as vacant property for some type of commercial development. For that reason, the main assets of the County School District would be less than \$1 million and probably in the neighborhood of less \$500,000. An appraiser would have to be retained to get a more definite value. Equipment owned by the County is used in the many schools throughout western Racine County. That equipment should be allocated to the individual school districts.

School Liabilities - The two major liabilities of the School District are the Prior Service Liability and the Post Retirement Health Benefits. In addition the County provides a one time death benefit for each retiree ranging from \$1,500 to \$5,000 depending on date of retirement.

It is important to note that the County, as do most municipal governments, does pay for these liabilities as they become due. When the "present value" of the liability is calculated it means how much cash is needed now so that the future expenditures can be paid from the cash and interest earned from investing the cash. Because the liability is paid over 20 to 50 years, calculation of the present value creates a very large number.

Prior Service Liability - A prior service liability was created in 1998 when the State lowered the retirement eligibility age. Public employees were required to pay an additional percent of covered wages to the State to cover this additional expense.

In 2002 the total prior service liability paid to the State for all County employees was \$547,744. Based upon wages paid in 2002, the County Schools share was \$81,276 or 14.84%.

In 2003, the County issued \$10,470,000 in taxable bonds in order to pay this debt and take advantage of low interest rates. The bonds require set payments of principal and interest through June 1, 2022. The total of principal and interest due on this note as of June 30, 2005 will be \$16,864,430. The County schools share of this liability will be \$2,448,135 based upon the 2002 wages paid.

The net present value of the Schools prior service liability as of June 30, 2005 using an interest rate of 4% is \$1,679,438. The County will pay for its share each year. Local School Districts could also pay their share annually.

Post Retirement Health Benefits - The County is self insured for health benefits. The County offers health benefits to retirees who meet years of service requirements and receive pensions from the State system. The value of the future benefits to both current retirees and those eligible to receive benefits upon dissolution on June 30, 2005 has been estimated by an actuary. This estimate will be required to be repeated near the dissolution date. The current

preliminary estimate of the total present value of future benefits as of June 30, 2005 is \$12,853,257. The estimate as of June 30, 2006 is \$13,551,312.

This figure is large because it is the amount necessary to invest now to meet expenses that will occur 30 to 40 years from now. As previously stated, the County would normally pay these liabilities over a very long period of time.

Alternative agreements with Western School District upon dissolution - Rather than distribute the cash value of all assets and liabilities upon the dissolution date, the County could enter into agreements with Local School Districts to pay for the prior service liability and the post retirement health benefits as they become due over time. This is consistent with the way in which the County Schools budgets and pays for these liabilities. This would minimize the cash assets need at the time of dissolution and reduce the risks associated with the accuracy of the actuarial projection of post retirement health benefits.

For example: the County Schools budgeted for 30 retirees in 2003. Of these retirees, 27 took the insurance benefit for which the County Schools budgeted \$154,860. The County Schools share of the prior service liability for 2003 is \$ 88,733. The total of the two for 2003 is \$245,733. This amount would be divided among the eleven Local School Districts based upon an agreed upon formula.

Paying annually would decrease any immediate cash flow impacted to the local districts.

In summary, these figures are the best current estimates of the assets and liabilities of the County School District. The actual calculation will be made as of the dissolution date, June 30, 2005. The amounts listed in this memo are not the final figures and will change to some degree. Experts will be required to do the final calculations of building value and the post retirement benefits. There are alternatives available through contracts with the local school districts that may be preferable to a one time settlement.

Sincerely,

Douglas B. Stansil
Finance Director

6/10/2003

(14)
AMENDED

May 27, 2003

RESOLUTION NO. 2003- 45

RESOLUTION BY THE EXECUTIVE COMMITTEE DISSOLVING THE RACINE COUNTY CHILDREN WITH DISABILITIES EDUCATION BOARD AND DISSOLVING ALL COUNTY SCHOOL OPERATIONS AND SPECIAL EDUCATION PROGRAMS OPERATED BY RACINE COUNTY AND ADOPTING AN IMPLEMENTATION PLAN

To the Honorable Members of the Racine County Board of Supervisors:

BE IT RESOLVED by the Racine County Board of Supervisors that pursuant to the provisions of Section 115.817(7)(b), Racine County does hereby dissolve Racine County Children with Disabilities Education Board and what is commonly known as the Racine County School operation and all of the special education programs provided by Racine County with said dissolution effective at the end of the 2004-2005 school year and specifically on June 30, 2005.

BE IT FURTHER RESOLVED by the Racine County Board of Supervisors that pursuant to Section 115.817(7)(b) and Section 66.0235 of the Wisconsin Statutes, the assets and liabilities of the Racine County Children with Disabilities Board and what is commonly known as the County School operation shall be distributed to all units which have participated in the special education program.

BE IT FURTHER RESOLVED by the Racine County Board of Supervisors that the implementation plan for the transfer of special education services to the school districts in the western part of Racine County which is attached hereto and incorporated herein as Exhibit "A" is authorized and approved.

Respectfully submitted,

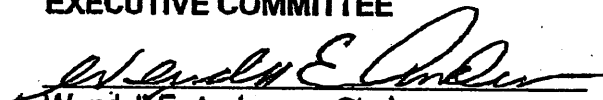
EXECUTIVE COMMITTEE

1st Reading 5/27/03

2nd Reading 6/10/03

BOARD ACTION

Adopted	<u>yes</u>
For	<u>17</u>
Against	<u>4</u>
Absent	<u>2</u>


Wendell E. Anderson, Chairman

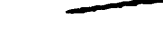

Kenneth A. Vetrovec, Vice-Chairman


Robin J. Vos, Secretary


Hubert H. Braun

VOTE REQUIRED: Majority

Prepared by:
Corporation Counsel


Peter L. Hansen

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Resolution No. 2003-45
Page Two


Kenneth Lumpkin


Michael J. Miklasevich


Gaynell Dyess


Pamela Zenner-Richards

INFORMATION ONLY

WHEREAS, under the provisions of Section 115.817, counties are authorized to operate Children with Disabilities Education Boards to provide special education program to children with exceptional educational needs within a county; and

WHEREAS, in 1962-63 there were 45 such county operated education boards within the State of Wisconsin; and

WHEREAS, at the present time, there are only four such programs as counties throughout the state declined to provide special education programs to students and instead transferred to the local school districts the responsibility for providing said services; and

WHEREAS, the Racine County Board has no special expertise in regard to education or the provision of special education services; and

WHEREAS, under current federal and state law, special education students have to be integrated into regular school programming; and

WHEREAS, the provision of special education services which are not under the control of the local school district creates problems in the provision of said services; and

WHEREAS, the Racine County Board has no active involvement in the provision of the special education services to the western end of the County.

Exhibit "A"

I. TRANSFER OF SERVICE IMPLEMENTATION PLAN

A. The transition period would be two (2) years ending with the dissolution of the Children with Disabilities Board in June of 2005.

B. The County and the Districts would determine appropriate reserves to cover the following areas:

- 1. Any cash flow problems of the local school districts.**
- 2. Post retirement health care benefits for County School employees and retirees.**
- 3. Life insurance benefits.**
- 4. Expected unemployment compensations costs.**
- 5. Lawsuits, claims and other litigation.**
- 6. Prior service liability.**
- 7. Other liabilities.**

C. Alternative methods of handling liabilities.

- 1. The County would increase County School reserves over two (2) years by setting an appropriate tax levy to cover anticipated expenses set forth in Sub B. above taking into account any assets which could be used as a set off against liabilities.**
- 2. The parties would obligate themselves contractually to provide for a payment by the school districts of the long-term liabilities such as post retirement health care benefits on a yearly basis based on actual cost.**

D. Personnel phase-in.

- 1. All vacancies (not including downsizing based on lack of need) and new positions that occur for non-shared staff shall be filled by staff hired by the local school district. The local district shall be responsible for tax withholding, employee benefits, unemployment compensation, workers compensation, etc. County School staff may apply for any vacant position in a district but the actual hiring decision shall be with the local school district.**

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- 2. The actual costs (including all benefits) of the locally hired special education employees shall be paid for by the County Schools pursuant to mutually agreeable billing procedures.
- 3. Racine County will tax appropriately to pay for the locally hired special education employees.
- 4. County Schools shall include locally hired special education employees for all aid and reimbursement purposes.
- 5. Shared special education staff across two or more districts shall continue to be hired by County Schools. Consideration will be given to using contracted services or CESA services for vacancies or new positions. Shared staff, at the request of the local district, can be hired by a local district to be paid for by County Schools if the local district:
 - a) Can fully absorb the work of the shared special education employee as part of the district's special education program, or
 - b) Agrees to share services of the shared special education employee position with the other districts.
- 6. Process for determining shared and non-shared staff:
 - a) County Schools, after consultation with the districts, shall determine no later than May 1st, the number of staff on a district by district basis that it will authorize for the next school year.
 - b) Any changes in the authorized staffing level due to program changes, enrollment changes, reallocation of resources will be at the discretion of the County Schools
 - c) Any special education staff that are hired by the local district above and beyond the level authorized by County Schools shall be the fiscal responsibility of the local employing school district.
 - d) The authorized level of staffing indicates the number of staff positions that County Schools shall be fiscally responsible for and not the number that County Schools shall employ.
- 7. The phase in transition for staff would begin upon passage of an authorizing resolution by the Racine County Board of Supervisors. The contracts between the County and all of the western school districts would be amended to provide for this transition.

E. Personnel Supervision and Control

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1. For special education purposes, all County hired and locally hired special education staff shall be under the supervision of the County Schools Director who will continue to serve as the Special Education Director of each local district. At such time that a district or combination of districts retain a special education director, the supervision of the County hired and locally hired special education staff shall be under the supervision, including evaluation, of the local district special education director for special education process and programming. The local district must, at that time, agree to indemnify and hold the County harmless for any liability arising out of special education programming and process.
2. For all purposes other than special education process and programming, the locally hired special education staff shall be under the control and supervision of the local district.
3. County Schools shall reimburse districts for costs of up to three locally hired special education directors with each such director serving a high school and the feeder schools attached to that high school. Said reimbursement shall begin after 50% of the special education staff within the high school areas are hired by the local school districts.
4. Districts shall hold county harmless for any liability arising out of non-special education related actions or omissions of hired staff. Costs and liabilities arising out of special education matters will continue to be the fiscal responsibility of the County Schools during the transition period except as provided in I E.1. above:

F. County School Building

1. The districts shall decide if there is a need for the Union Grove building and land.
2. The County will obtain an appraisal on the building and land.
3. A credit will be given to the districts for the value of the building and land as part of the assets and liabilities determination. The County shall attempt to sell the building or the County shall transfer the property to a willing school district or combination of districts with an appropriate adjustment in the assets and liabilities calculation. If the districts have no desire to purchase the building and the County desires to retain the building, County shall be allowed to do so at the appraised value.

G. Dissolution

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1. The County School Office shall be dissolved by the Racine County Board of Supervisors effective June, 2005.
2. At that time of dissolution, a determination shall be made of the actual assets and liabilities which shall become the responsibility of the local districts. The goal will be to zero out this number by the process set forth above.
3. Any teachers, aides and professional staff who are still employed by the County Schools at that time, will be laid off. Clerical and janitorial staff will have seniority based bumping rights within their bargaining unit of the County.
4. Local school districts will determine whether to hire any laid off County School employees and, if hired, at what salaries.
5. During the two year transition period, the County would bargain the impact of the dissolution with the three affected bargaining units. Every effort will be made to lessen the impact of the dissolution on County staff.

H. Professional assistance

1. During the transition period, County Schools would set up and account in an amount agreeable to the school districts for professional assistance to the school districts and to County Schools.
2. During the transition period, school districts and County Schools will be able to retain professional consultants to assist the school districts in making the transition including program design, contact development, etc. County Schools would reimburse the school districts for appropriate expenses from the account described above.

I. Communication with parents and community

1. County Schools will develop its web site to contain information specifically related to the dissolution of the County School Office and provide information as well as ways for parents to contact the district and get information back in a timely manner.
2. The County Schools will hire/dedicate a person who will coordinate the dissolution of the District.

J. Transfer of tax levy authority

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1. Upon dissolution, the tax levy authority of the County Schools will be transferred to the local school districts to allow the school districts to increase their respective levies to pay for special education services.
2. The school districts, County Schools and the Wisconsin Department of Revenue will need to agree on a proper formula to divide up this taxing authority.

I move to amend Resolution No. 2003-45 as follows:

On page 1 of the resolution, line 15, change "2004-2005" to "2005-2006".

On page 1 of the resolution, line 16, change the year "2005" to "2006".

On page 1 of Exhibit "A", line 6, change "two (2)" to "three (3)".

On page 1 of Exhibit "A", line 7, change the year "2005" to "2006".

On page 1 of Exhibit "A", line 29, change "two (2)" to "three (3)".

On page 4 of Exhibit "A", line 2, change the year "2005" to "2006".

On page 4 of Exhibit "A", line 15, add the following sentence:

"County shall use its best efforts to work with the local school districts to provide preferential hiring of County School employees."

On page 4 of Exhibit "A", line 17, change "two" to "three".

On page 5 of Exhibit "A", line 8, add the following:

- "3. County will use its best efforts to work with the State of Wisconsin and the local school districts to minimize any adverse impacts on the local districts in regard to the long-term liabilities of County Schools.

K. Flexibility

1. The implementation plan is for guidance and direction.
2. It is understood that the actual implementation will require flexibility and the details of the implementation may vary from the plan. "