

MEMORANDUM OF UNDERSTANDING

FOUNDATION LEVEL - SURPLUS

The following document represents an understanding between the Sunset Ridge School District 29 Board of Education (“Board”) and the Sunset Ridge Education Association (“Association”) (collectively, the “Parties”) relative to Article X – Fringe Benefits of the 2014-2019 Collective Bargaining Agreement (“Contract”), with specific regard to benefits involving the Foundation Level.

Under the Contract, the Parties established a Foundation Level, which represents the maximum amount of money that may be expended by the Board on medical benefits during a school year. Under the Contract, unspent money from the Foundation Level cannot be distributed to employees as cash or serve to increase the following school year’s Foundation Level.

Pursuant to the Contract, the Parties formed a Benefits Committee to design and manage medical benefits for teachers. One of the tasks of the Benefits Committee was to maintain costs within the Foundation Level. During the 2015-2016 benefits year, it was determined by the Benefits Committee and reported to the Board that the Parties succeeded in reducing the overall cost of medical benefits well below the set Foundation Level for the year. At the time this Memorandum was executed, the unspent Foundation Level amount for the 2015-2016 benefit year was estimated to be \$44,746.62.

In response to this outcome, the Parties agreed under a separate Memorandum of Understanding titled Non-Elective 403(b) Employer Contribution (“MOU2”), dated 5.10.16, to allow the Board to provide as an added but separate benefit a one-time, non-precedential, non-elective 403(b) employer contribution to eligible Teachers’ 403(b) accounts. However, in addition, the Parties have determined to also identify a specified amount of unspent money from 2015-2016 Foundation Level as “surplus” that may be used in a future year during the current Contract to supplement the Foundation Level as determined by the Benefits Committee. The surplus amount shall be calculated by subtracting the total amount of executed 403(b) non-elective employer contributions made pursuant to MOU2 from the 2015-2016 unspent Foundation Level amount.

Foundation Level Surplus: Contract Years Beyond 2015-2016

The Parties also agree that should any benefit year within the term of the current Contract beyond the 2015-2016 benefit year result in an unspent Foundation Level amount, that unspent amount will also be identified as surplus and will be added to the then existing surplus amount, if any, to supplement the Foundation Level as determined by the Benefits Committee, in accordance with this Memorandum.

Management of Surplus

The Parties understand that the surplus identified herein shall be managed by the Board, with input from the Benefits Committee per Article X of the Contract, in accordance with its accounting standards and shall remain in the Board's Operating Funds and not be considered reserved, restricted or committed. The Parties further understand that should maintenance of the surplus identified herein be determined disallowed by the Board's auditors or any governmental agency or guidance (including but not limited to, guidance involving accounting standards) or court action, the Parties will immediately cancel the identification of such surplus and allow such funds to revert to unassigned general funds of the Board. Any surplus unspent as of August 31, 2019, shall revert to unassigned general funds of the Board.

The Parties further understand and agree that the identification and use of the surplus described in this Memorandum shall be considered non-precedential in all respects.

This Memorandum shall remain in effect until the expiration of the current Contract, *i.e.*, August 31, 2019.

Board of Education
Sunset Ridge School District #29

Sunset Ridge Education Association
Illinois Education Association

By: Debbie Papas
President

By: Doreen Barber
President

Dated as of 10 May 2016

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