

Focus on Tomorrow:
*Addressing the Long-Term Future of the
Rockford Public Schools*
Updated November 10, 2011



RPS 205: Focus on Tomorrow

- Rockford Public School District 205 has a commitment to the long-term health of its schools in order to **provide world-class education** for all children
- Good financial condition of Rockford Public School District 205 will create the **opportunity to do the right things for the future** of the students, schools, teachers and community
- During the collective bargaining process with the Rockford Education Association, the goal will be to make progress that **will address the long-term health** of Rockford Public School District 205 – **focusing not just on today, but tomorrow**



U.S. Health Care By the Numbers

60%

Percentage of **employers still offering health benefits to their workers in 2011** – a significant reduction from the 69% reported in 2010

9%

Increase in the average premiums for family coverage between 2010 and 2011, significantly higher than the 3% increase between 2009 and 2010

17%

Percentage of covered workers that were **enrolled in high-deductible health plans with a savings option** in 2011, compared to 13% in 2010 and 8% in 2009



REA Health Care By the Numbers

\$14,752

Average **annual health care cost per REA teacher that RPS 205 pays** – in 2011, the U.S. average cost per employee will surpass the \$10,000 mark

\$25

The **monthly contribution an REA teacher makes for individual coverage**

\$89

The **monthly contribution an REA teacher makes for family coverage**

\$100 vs. \$675

Deductible amount for an REA teacher – **\$575 less than the average** deductible amount for single coverage for workers in PPOs, according to a 2011 national survey

10% vs. 18%

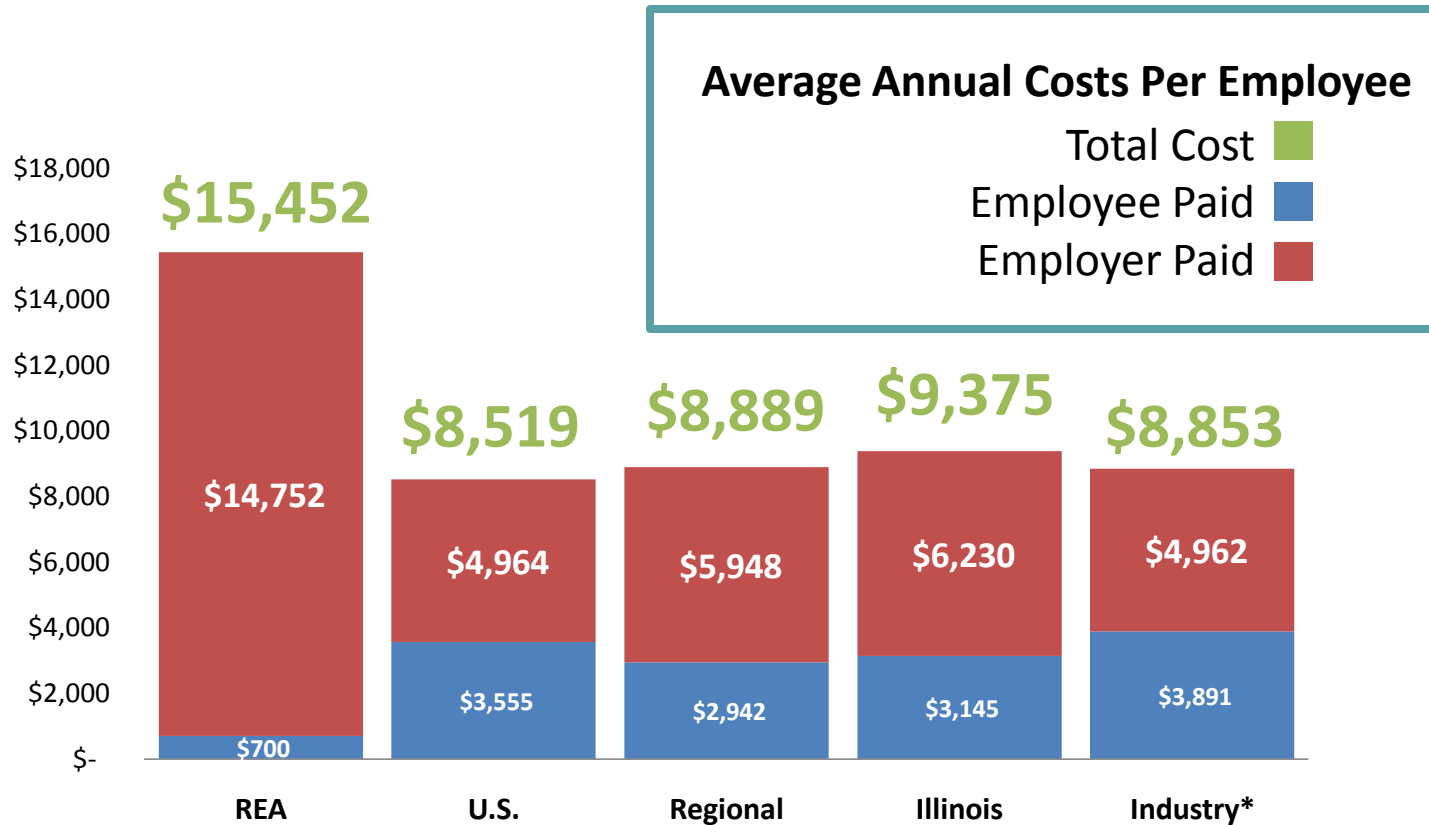
Coinsurance, amount paid after deductible is met, for an REA teacher – **44 percent less than the national average**, according to a 2011 national survey



ROCKFORD
PUBLIC SCHOOLS

REA: Higher Health Care Costs

Rockford Public School District 205 REA-represented teachers have **higher average health care costs** than the national, regional, state and industry averages

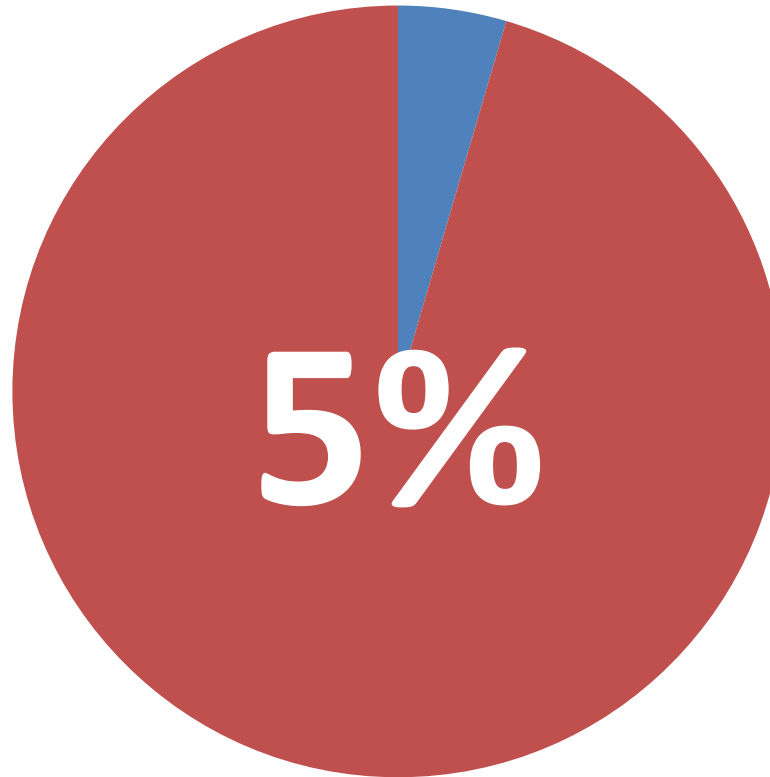


SOURCE: 2010 UBA Health Plan Survey; Rockford Public School District 205.
 * Industry data includes Public Administration, Education Services, Utilities.



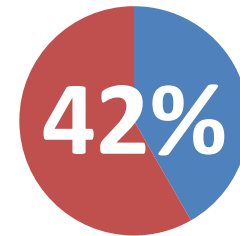
REA: Pay Less for Health Care

Rockford Public School District 205 REA-represented teachers **pay a much smaller portion** of their overall health care costs than the national, regional, state and industry averages

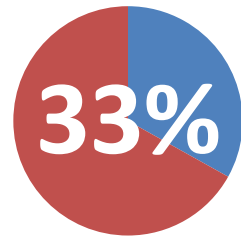


REA

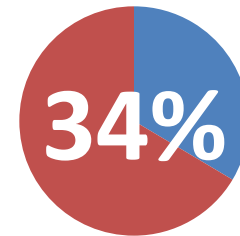
■ Employee Share ■ Employer Share



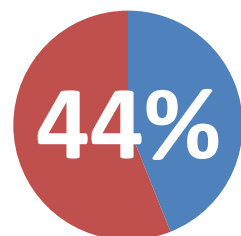
U.S. Average



Regional Average



Illinois Average



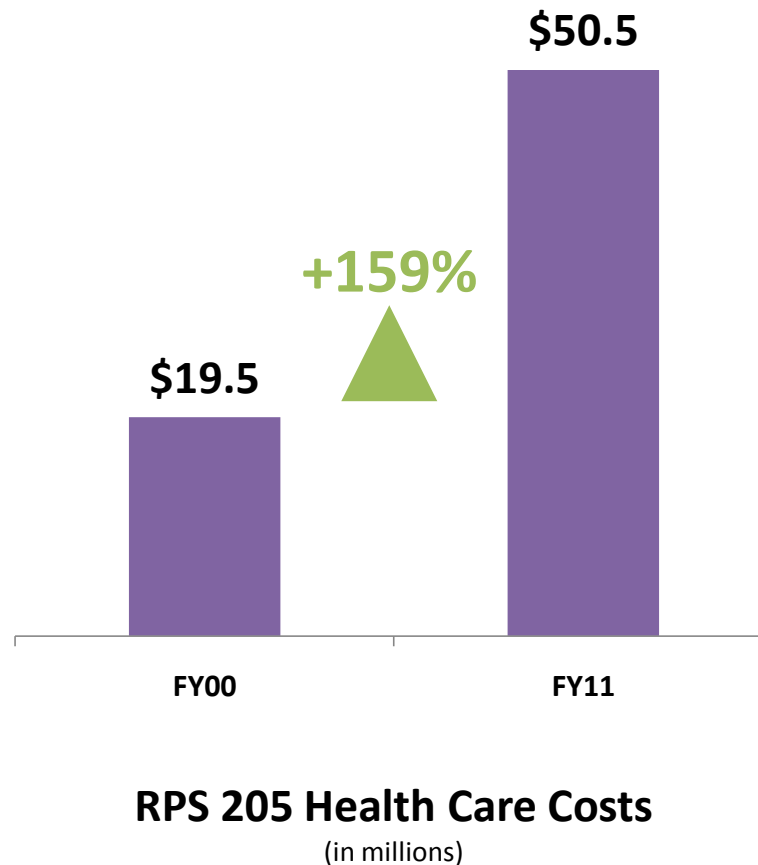
Industry Average*



SOURCE: 2010 UBA Health Plan Survey; Rockford Public School District 205.
* Industry data includes Public Administration, Education Services, Utilities.

Ten Years of RPS 205 Health Care Costs

RPS 205 now spends \$31 million more per year on health care compared to fiscal year 2000 – **money that could be going directly toward educating Rockford children**



From 2000 to 2010:

- RPS 205 health care costs have increased **about 159 percent** – while covering **533 fewer employees**
- Medical care inflation was **49 percent** – notably less than the RPS 205 increases
- **Per employee costs have tripled** – from nearly \$5,000 per employee to nearly \$15,000



Potential Investment for Health Care Savings

Being able to invest \$31 million in health care savings into RPS 205 would mean **resources for many important educational initiatives**

RPS 205 Initiatives

	Estimated Costs
Restoring 7th period day	\$6-7 million
Expanding pre-school by 500 students	\$2 million
Offering pre-school for all	\$24.4 million*
Restoring AP, Arts classes	\$1 million
Expanding Gifted, Montessori	\$1 million
Restoring bus fleet rotation	\$1.7 million
Textbook replacements	\$10 million

Many more under review would be able to see implementation in the coming school years

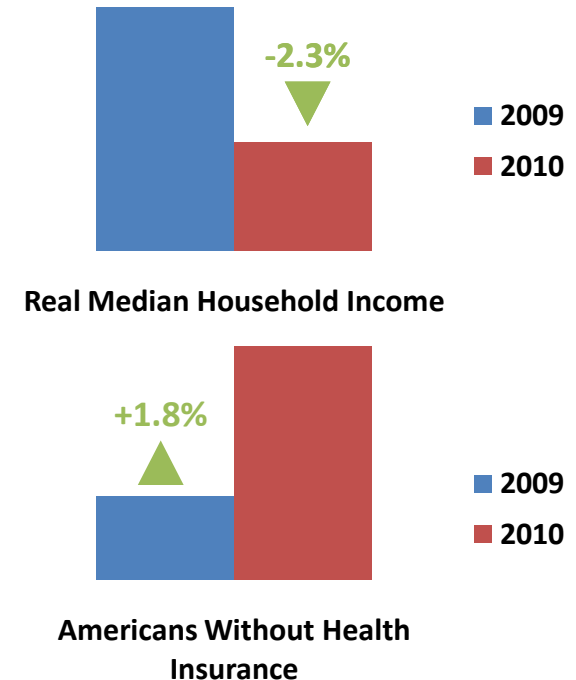


SOURCE: Rockford Public School District 205

* Personnel costs only, does not include increasing classroom space.

U.S. Economic Snapshot

- Since 2007, real median household income has declined 6.4 percent
- In 2010, real median household income in the U.S. was \$49,445, down 2.3 percent from a year earlier
- In 2010, 16.3 percent of Americans were without health insurance – 49.9 million overall – and an increase of 900,000 from a year earlier
- For 2011, the average U.S. unemployment rate has been 9.4 percent



Rockford Economic Snapshot

- Rockford Public Schools are the **largest employer in the city**, followed by:
 - Rockford Health System
 - SwedishAmerican Health System
 - Wal-Mart Stores
- Nearly **25% of the Rockford workforce is employed in manufacturing**, twice the national average
- A recent study concluded that nearly **65,000 workers in Rockford are under-employed**, the majority of which have manufacturing skills
- Between 2008-2018, **education-related jobs are expected to grow 11.9%**, compared to just 6.6% anticipated average job growth in Rockford

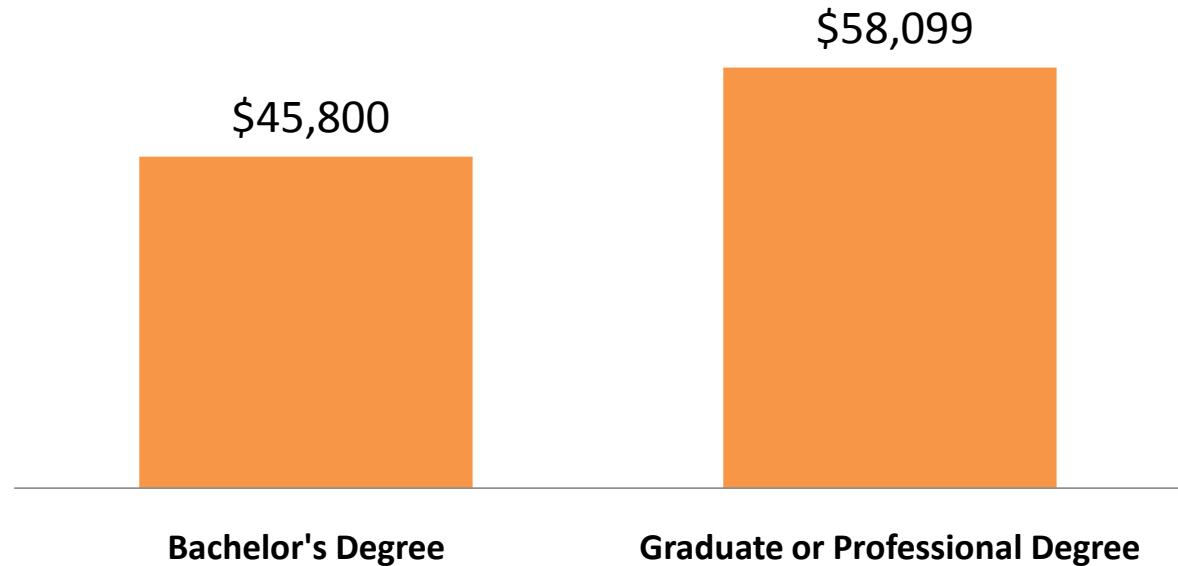
Greater Rockford Area Employment *UPDATED September 2011 Data*

Labor Force	170,600
Unemployed	22,800
Unemployment Rate	13.4%
Illinois Unemployment Rate	9.50%
U.S. Unemployment Rate	9.00%



Rockford Workforce with College Degrees

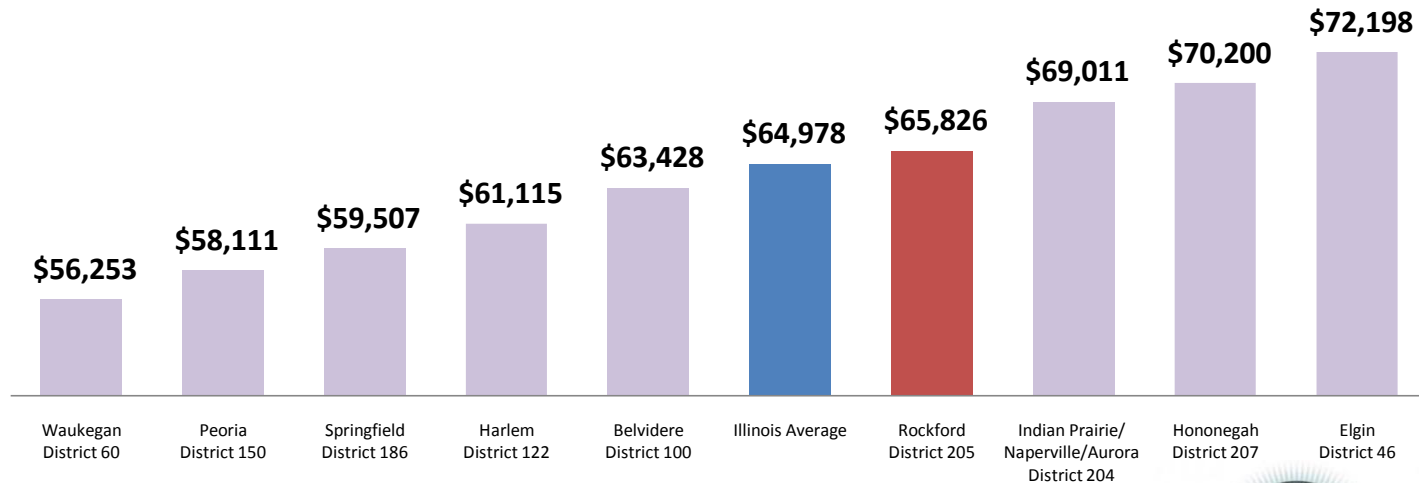
According to the 2007–2009 U.S. Census Bureau data, **median earnings for a Rockford worker with a college and graduate professional degrees** are consistent with RPS 205 teachers' salaries



Teacher Salaries in Illinois

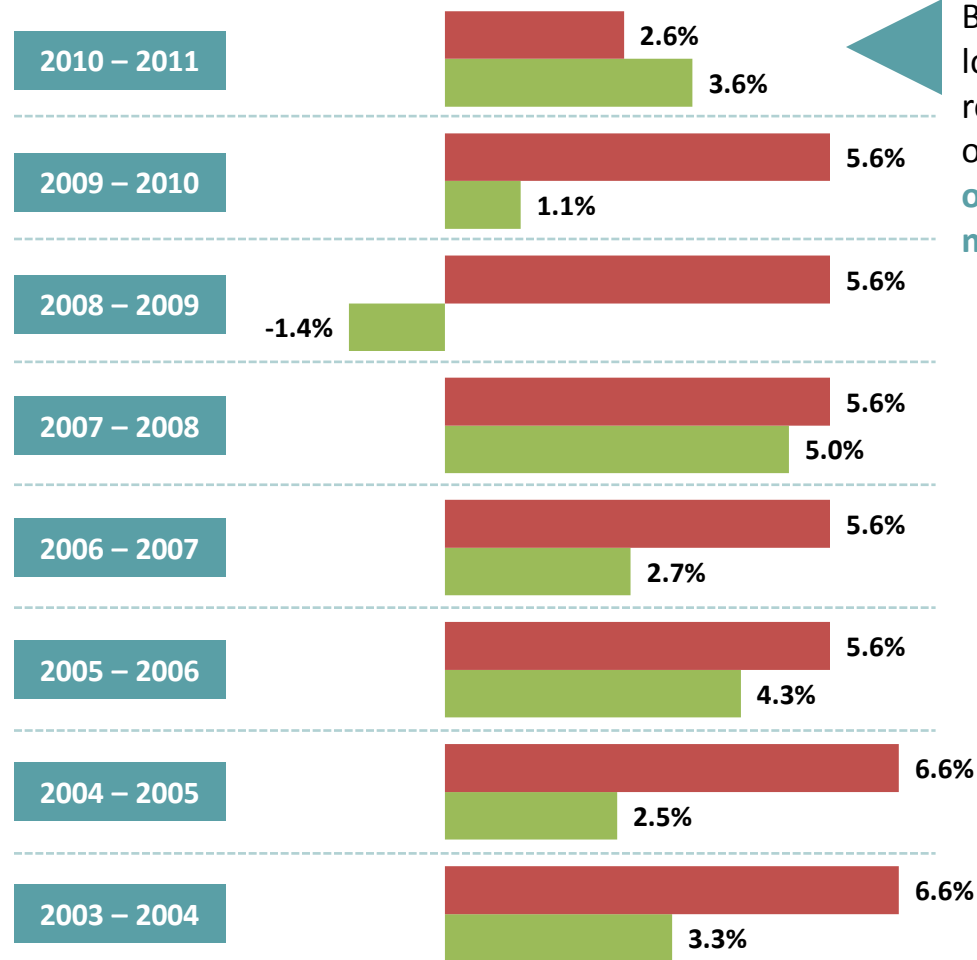
The 2011 Illinois Report Card, reports the average Rockford Public Schools teacher's salary as \$65,826 – **slightly more than the average Illinois public school teacher's salary**

Illinois Report Card data includes Teacher Retirement System (pension) contributions in their salary figures.



REA: Generous Wage Increases

For seven of the last eight years, **REA wages have outpaced CPI**, a major national economic indicator that is a gauge of cost of living



By contrast, state and local government workers received wage increases of **0.9% in 2010** and **1.3% over the first nine months of 2011**

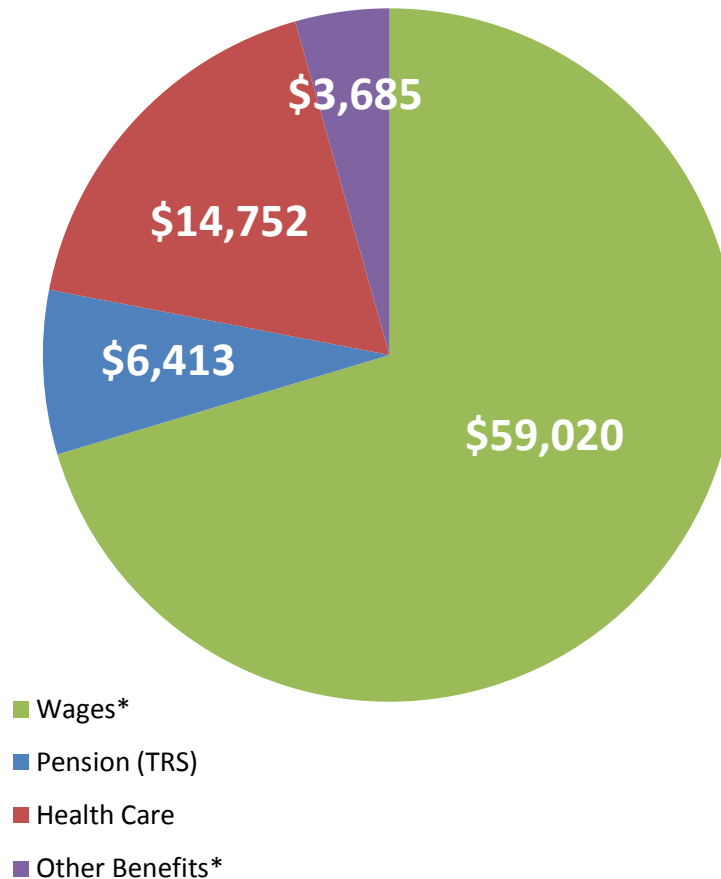
■ REA Wages
■ Consumer Price Index (CPI)



SOURCE: Bureau of National Affairs; Bureau of Labor Statistics Data, Rockford Public School District 205

REA: Average Compensation \$83,000+

The average REA teacher has a **total compensation package of more than \$83,000** – including **generous health care and pension benefits**



Total Compensation for Average REA Teacher

\$83,870

- Wages that **compare favorably** with other Illinois teachers and the college-educated Rockford workforce
- Pension benefits fully funded by RPS 205 – **teachers contribute nothing to their pension**
- Health care benefits that **far exceed the national average**



SOURCE: Rockford Public School District 205

* Wages include base salary, stipends and differentials. Other benefits include life insurance, workers compensation and unemployment.