



Office of the Superintendent

To: Board of Education  
From: Dr. Charles Johns  
Date: Monday, January 23, 2023  
Re: TrueNorth Financial Update

Glenbrook District 225 has a long and collaborative relationship with TrueNorth, formerly known as the North Suburban Special Education District (NSSED). TrueNorth is a special education cooperative permitted under the School Code to help address the complexity of needs and required services to adequately educate students with special needs. Throughout the history of the relationship, the cooperative has met many needs of the district through direct services and tuition-based programs.

D225 is the largest district in the cooperative, accounting for 14.3% of the total population of the member districts. Our students also constitute 30% of the total enrollment in TrueNorth's tuition-based programs. Northfield Township (D225, D27, D28, D30, D31, and D34) constitutes 40.39% of the total enrollment and 52.22% of enrollment in tuition-based programs. Each member is afforded one vote on the Leadership Council, regardless of size, utilization, and assessments paid to the cooperative.

In recent years, TrueNorth has been adjusting its financial model, and the D225's payments to TrueNorth have risen sharply. As the model evolves, ensuring that it is fair and cost-beneficial is a fiduciary responsibility that the D225 administration must uphold. Finally, TrueNorth is nearing the end of its most recent strategic planning process. The draft outcome of this process points to many changes within the cooperative that may impact D225.

## TrueNorth Financial Model

The cost of the cooperative to D225 and its fellow member districts has several components. First, there is an annual fee, based on district enrollment, for Membership, Professional Development, and Property, Plant, and Equipment. This year, the annual membership fees, plus associated costs, for D225 total \$508,876.48.

Second, participation in the programs involves a tuition expense based on the students in the program. This can fluctuate based on additional costs of 1:1 aides and billed-related services. Third, there is a separate fee for participation in Extended School Year (ESY) programming that is assessed on a tuition-based at the end of each summer. Fourth, the district subscribes to direct services such as Occupational Therapy based on student IEPs and district internal capacity. Finally, in order to provide Guaranteed Pupil Placement (GPP) for districts in case a need emerges during the school year, TrueNorth overestimates the use of the tuition-based programs. The cost of these over-estimates, if not used, is passed along to the districts that use the programs and is referred to as *TrueUp* and is assessed in May.

Our total *TrueNorth Expense in 2021-2022 was \$5,710,598.14.*

**Table 1**

*FY2022 TrueNorth Cost of Membership Fees*

Membership \$31.10*	\$159,605.20
Professional Development \$30.29*	\$155,448.28
Property, Plant, and Equipment \$37.75*	\$193,733.00
Extended School Year **	\$178,004.26
TrueUp	\$186,404.53

\*Based on total district enrollment

\*\*Tuition based

Apart from the costs associated with general overhead, D225 pays tuition for three programs.

**Table 2**

*FY2022 TrueNorth Tuition Costs*

Program	Tuition	D225 Enrollment
SLE/TLS Tuition***	\$52,526	31.42

TrueNorth Transition***	\$45,317	25
North Shore Academy***	\$56,856	3.88

\*\*\*Excludes 1:1 aides, billed related services, and lease

## Impending Costs to D225

While these costs are concerning, it is important to understand that there are additional impending costs coming toward the member districts.

### TrueUp

As previously referenced, costs associated with the use of tuition-based programs are charged to districts based on Average Daily Enrollment (ADE). Built into the budget is Guaranteed Pupil Placement [also referred to as Guaranteed Priority Placement] (GPP). Through the TrueUp process (see above) the member districts must cover the underutilization. Last year's TrueUp assessment for D225 exceeded \$180,000. As of December, based on data provided by TrueNorth, there appears to be a considerable budget-to-actual gap in utilization. Currently, (based on the December 6, Finance Committee report) across all of TrueNorth's tuition-based programs, there is a 46.2 student mismatch between budget and actual utilization levels. Without knowing the number and utilization levels of other districts that are subscribers of these programs, it is impossible to determine what our TrueUp expense may be, at this time.

### Table 3

*TrueNorth High School ADE Underutilization Levels (December 2022)*

Program	Enrollment - Actual to Budget	Per Pupil Tuition Costs	Extension
SLE	-3.4	\$52,526	\$178,588
Transition Program	-4.0	\$45,317	\$181,268
North Shore Academy	-13.9	\$56,856	\$790,298
	-21.3		\$1,150,154

## Phase II Renovations

TrueNorth is consolidating the spaces that it uses for programs and operations. This work is proposed to take place in two phases. The first phase, totaling approximately \$2.7m, will come out of TrueNorth's fund balance. The second phase of the renovations will be paid for by the member districts through enrollment-based assessments.

As presented at the TrueNorth Superintendent Meeting on December 8, 2022, Phase II of renovations is projected to cost \$2.2 million. The renovations will improve professional learning spaces, HR and business offices, Related Services offices, parking, and the costs of temporary rental for Professional Learning. The cost of these renovations to individual districts was not clear. As the largest member of the cooperative, it is predictable that D225 will pay at the highest level.

**Table 4**

*TrueNorth Member Assessment Fee Ranges*

<b>Assessment Range</b>	<b>Number of Districts</b>
\$9,000 - \$50,000	3
\$50,000 - \$100,000	7
\$100,000 - \$150,000	2
\$150,000 - \$200,000	1
\$200,000 - \$250,000	2
\$250,000 - \$350,000	2

(TrueNorth Superintendent Meeting, December 8, 2022)

Under the budget model currently in place, a project of this nature would require an assessment of each district based on the total district enrollment. Under these circumstances, D225 constitutes 14.3% of the total enrollment for all of the member districts. Using this percentage, one can predict that D225 will be assessed at approximately \$327,704 for the Phase II improvements.

## Future Maintenance Costs

Also presented at the TrueNorth Superintendent Meeting on December 8, 2022, was a maintenance report. Using a “worst case scenario,” the administration mapped out an 11-year maintenance plan, shown in Table 5. Aside from spreading the work and the costs across the eleven years, the plan is to develop an Operations and Maintenance Fund.

**Table 5**

*TrueNorth Estimated 10-Year Maintenance Costs [note: 33-34 was omitted by TrueNorth]*

### Anticipated Maintenance Upkeep Costs

Fiscal Year	Roof	HVAC	Total
23-24	\$49K	\$0	\$49K
24-25	\$0	\$0	\$0
25-26	\$1.72 M	\$46K	\$1.76 M
26-27	\$0	\$818K	\$818K
27-28	\$862K	\$0	\$862K
28-29	\$0	\$1.08 M	\$1.08 M
29-30	\$0	\$0	\$0
30-31	\$0	\$0	\$0
31-32	\$0	\$394K	\$394K
32-33	\$1.73 M	\$0	\$1.73 M

Estimated costs based on architect recommendation (Spring 2022)



When including the projected costs for FY 33-34, the total 10-year plan, shown in Table 5, is anticipated to cost nearly \$7m. TrueNorth provided three different options for spreading out these costs for the member districts. The options vary in terms of paying in advance of the work and thereby generating interest revenue for TrueNorth. Using Option 1, as shown in Table 6, the total cost of the TrueNorth maintenance work to D225, over 10 years, will be approximately \$1,010,173.

**Table 6**

*District 225 Share of TrueNorth Renovation and Maintenance 10-Year Plan (Option 1)*

**Renovation Assessment Plus Maintenance Funding Option 1**

Fiscal Year	Renovation	Maintenance	Total
2024	\$327,704	\$126,434	\$454,138
2025	\$0	\$126,434	\$126,434
2026	\$0	\$113,632	\$113,632
2027	\$0	\$113,632	\$113,632
2028	\$0	\$113,632	\$113,632
2029	\$0	\$95,652	\$95,652
2030	\$0	\$95,652	\$95,652
2031	\$0	\$95,652	\$95,652
2032	\$0	\$43,151	\$43,151
2033	\$0	\$43,151	\$43,151
2034	\$0	\$43,151	\$43,151

(Email from Anne Carreon, December 21, 2022)

In the next few weeks, the TrueNorth Leadership Council, composed of board members from the member districts, will meet to make a decision on the renovation and maintenance projects for the districts. The D225 administration will continue to provide our Leadership Council representative with as much information as possible regarding these decisions.

Additionally, the draft of the TrueNorth Strategic Plan indicates that revisions to the financial model will be examined. The D225 administration has and will continue, to provide feedback on the need for revisions and options that are considered.