BOARD MEMO – ACTION ITEM

PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535

Providing Foundations Together, Cultivating Individual Growth

To: Board of Education

From: Cody Martzluf, Superintendent

Date: Tuesday, November 17, 2026

RE: Risk Management Plan

Recommendations:

Approve Updated Risk Management Plan

Background:

- The administration is seeking Board of Education approval of the district's updated Risk Management Program. This program establishes a framework for identifying, evaluating, and reducing risks that could result in injury, property damage, financial loss, or legal liability to the district.

- Under the Illinois Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10) and Section 17-2.5 of the Illinois School Code, school districts are authorized to levy property taxes specifically for certain insurance, liability protection, and risk management expenses. These revenues are deposited into the district's Tort Immunity and Judgment Fund (Fund 80), commonly referred to as the Tort Fund.

- Tort Fund revenues may be used for qualifying expenses associated with protecting the district, its employees, students, and property from potential liability and loss. Examples include:
    - Insurance: Property, casualty, general liability, and other qualifying insurance coverage
    - Risk Management and Safety Programs: Safety inspections, employee safety training, loss prevention initiatives, and other activities intended to reduce the district's exposure to risk.
    - Legal and Liability Expenses: Qualifying legal services, claims administration, settlements, and judgments.
    - Personnel Costs: A portion of salaries and benefits for employees who perform documented risk management responsibilities. This may include administrators and other employees responsible for safety oversight, accident prevention, insurance administration, emergency preparedness, and other qualifying risk management activities.
    - Please note: The Tort Fund cannot simply be used to offset general operating expenses. All expenditures, including salary allocations, must be directly attributable to eligible risk management activities and appropriately documented.

- The district's updated Risk Management Program identifies the activities, responsibilities, and expenditures eligible for payment through the Tort Fund.

- The administration is requesting approval of the updated program prior to adoption of the district's 2026 property tax levy. Approving the program before the levy establishes the district's planned risk management activities and provides documentation supporting the use of Tort Fund revenues collected in the following year, including eligible portions of employee salaries and benefits.

- The program will also help ensure that expenditures are appropriately classified and reported in accordance with Illinois law and Illinois State Board of Education accounting requirements.

PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535

Providing Foundations Together, Cultivating Individual Growth

Risk Management Program

Board Approved: November 17, 2026

Putnam Country Community Unit School District #353 shall have in operation a comprehensive Risk Management Program which shall reduce or prevent the District's exposure to liability or loss as more fully described in the Illinois Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et seq*.) (hereinafter referred to for convenience only as "liability"). It is of the utmost importance for the District: 1) to ensure that statutory and common law, health, and safety rights are extended to all visitors, employees, and students; 2) to make certain that the district's buildings and grounds are maintained in a safe condition; and 3) to provide careful supervision and protection of all the District's real and personal property, including vehicles.

The Illinois Local Governmental and Governmental Employees Tort Immunity Act permits a school district to annually levy a tax that could pay the costs and expenses of risk management. Specifically, the Act provides that funds raised pursuant to this authorization may be used to:

> …(i) pay the cost of insurance, individual or joint self-insurance (including reserves thereon), including all operating and administrative costs and expenses directly associated therewith, claims services and risk management directly attributable to loss prevention and loss reduction, legal services directly attributable to the insurance, self-insurance, or joint self-insurance program, and educational, inspectional, and supervisory services directly relating to loss prevention and loss reduction, participation in a reciprocal insurer…, including all costs and reserves directly attributable to being a member of an insurance pool,…; (ii) pay the costs of and principal and interest on bonds issued…; (iii) pay judgments and settlements…; and (iv)…pay the cost of risk management programs.

745ILCS 10/9-107(b). Given the recent litigation across the State of Illinois involving the interpretation of this statute, and the costs of defending such litigation, the District will not fund the entire Risk Management Program under this levy. However, the Risk Management Program remains in effect.

The District's Risk Management Program shall provide for:

1. Identification of various components of risk management;
2. Clearly delineated personnel responsibilities;
3. Adequate insurance against liability exposure; and
4. Identified and allowable costs for the maintenance of the Risk Management Program.

This Risk Management Program identifies and establishes an effective risk management process that uses the District's physical and human resources to effectuate the policy and achieve the purposes set forth herein. The following steps in the risk management process are the basis for this Risk Management Program:

1. Identify and analyze loss exposures. These steps include identifying persons and property that are exposed to loss and the perils that can cause the loss, and measuring the potential frequency and severity of the loss exposures. Identification should be a systematic and ongoing process. Measurement should review the number of accidents that are likely to occur, how severe the dollar losses are likely to be, and the variation in the potential losses in order to prioritize the exposures according to their importance.
2. Select techniques for treating loss exposures. This step requires developing techniques to manage the identified exposures, such as eliminating the sources of loss exposure and replacing them with lower risk solutions, re-allocating the exposure to others such as the purchase of

insurance, managing the loss in a manner that reduces the likelihood of its occurrence and/or minimizes the effect on the District, or acknowledging the existence of a particular loss exposure and accepting the associated level of loss exposure.

3. Implement the selected techniques. This involves determining how to implement the selected techniques, identifying the person(s) to perform and monitor the techniques, and communicating that information to the appropriate personnel, and then implementing the technique using the District's physical and human resources.
4. Monitor and modify the selected techniques. Key components in this step are the supervision and inspection of the implementation of the technique, which will reveal if the technique is successfully addressing the exposures identified in Step 1. This includes not only supervision and inspection by the District Administration, but also requires self-reporting by the persons selected to implement the technique. If a technique is not working and a correction is warranted, the first three steps in the process should be repeated.

The District finds that the most effective manner in which to implement this Risk Management Program is to thoroughly integrate risk management into every level of the District's operations. All employees shall have the duty to perform all four steps of the risk management process for those areas over which they have responsibility and to report on their findings and recommendations.

The policy, purpose, authority and program provided for in this Risk Management Program are not new to the District. Most if not all District employees perform the risk management process pursuant to the District's policies, practices and procedures already in place. This Risk Management Program is therefore intended to supplement, and to the extent necessary clarify and amend the District's policies, practices and procedures in order to implement risk management activities in the manner stated in this Risk Management Program.

The general, overall responsibility for the development and maintenance of the District's Risk Management Program rests with the Superintendent. The Superintendent shall be responsible for the development of the Program, identifying the various components of the Program, and delegating responsibilities for these components to the appropriate personnel as necessity dictates. It is expected that the Superintendent will continuously evaluate the effectiveness of the Program and be apprised of needed revisions and additions or deletions to the components and assigned responsibilities.

A primary component of the Risk Management Program is the provision of an insurance/compensation program that will provide protection to the District against liability. The Superintendent is responsible for this portion of the risk Management Program which includes, but shall not be limited to, the following components:

1. Purchase of insurance consultant services;

2. Payment of premiums for various necessary insurance, including all liability insurance, building and fleet insurance, workers' compensation, unemployment compensation, personnel bonds, etc.;

3. Payment of judgments or settlements arising against the District; and

4. Payment of all legal fees connected with protecting or defending the District against liability.

The bidding of supplies, equipment, and contractual services is also a responsibility of the Superintendent. The Superintendent is responsible for the bidding of supplies, equipment, and contractual services in such a manner that the District meets all requirements for freedom from tort situations by meeting statutory and regulatory requirements for toxic materials, equal opportunity employment, prevailing wage rates, quality of supplies and equipment, verifying bidder qualifications, etc.

The Superintendent, in his/her capacity as the chief executive of the district, has responsibility to ensure that the Risk Management Program is adopted and implemented in the District. The Superintendent evaluates the effectiveness of the Program and suggests revisions to the Program. The Superintendent is also directly involved in risk management activities, especially those related to litigation.

The responsibilities for special education services are assumed by the Superintendent. These responsibilities are in four major areas:

1. The guarantee of protection of the constitutional and statutory rights of students;

2. Reducing exposure to tort situations involving the legal and proper student testing, evaluation, identification, and placement of special educations students;

3. Providing for the confidentiality of student psychological profiles and records; and
4. Discipline of special education students.

For the purposes of properly levying for the expenses of this Risk Management Program pursuant to the Illinois Local Government and Governmental Employees Tort Immunity Act, it is necessary to determine what portion of each District employee's compensation is attributed to his/her responsibilities under this Risk Management Program. The Superintendent, in conjunction with other District Administration, has therefore determined the following allocations for the purpose of allocating a particular portion of an employee's compensation to the Tort Immunity Levy. Performing ordinary duties with due care shall not be allocated and chargeable to the Tory Immunity Levy.

It is expected that the Superintendent will expend twenty-five percent (25%) of his/her time directly related to fulfilling the responsibilities of his/her position in the District's Risk Management Program. It is expected that the Superintendent's secretary will expend fifteen percent (15%) of his/her time assisting the Superintendent in fulfilling his/her responsibilities under the District's Risk Management Program.

The District's bookkeeper is assigned the responsibility for serving as the District's liaison to the various consulting services, claims and adjustment services, and insurance companies. He/she is also assigned the responsibility for receiving all incoming communications, either written or by telephone, from various

consulting services, claim and adjustment services, insurance companies, attorneys and collective bargaining agents pertaining to risk management, answering questions, and directing the communications to the appropriate personnel. The bookkeeper is responsible for typing, proofing and mailing all correspondence concerning these assigned responsibilities.

The District's bookkeeper also has the responsibility to receive, check for accuracy and, when approved by the Board of Education, make payment on all bills to consulting services, claim and adjustment services, and insurance companies.

It is expected the bookkeeper will devote approximately fifteen percent (15%) of his/her time toward the fulfillment of these duties.

The District's Risk Management Program in relation to the safe conditions of the buildings and grounds and protection of the District's real and personal property shall primarily be the responsibility of the Director of Facilities. His/her responsibilities and duties shall include, but not be limited to:

1. Development and identification of responsibilities for the periodic and routine inspection, maintenance, and repair of buildings, grounds, vehicles, and equipment to provide protection to the District, its employees, it students, and the general public;

2. Maintenance of legal and safe conditions of the buildings and grounds in compliance with state and federal laws regarding employee and student health and safety (asbestos, radon, lead, pesticides, herbicides, etc.);

3. Serve as the District's official Asbestos Management Director;

4. Training of the District's custodial and maintenance personnel to perform work on safety and health matters; and

5. Supervision of custodial and maintenance personnel in the performance of their duties under the Risk Management Program.

It is expected that the Director of Facilities/Director of Buildings and Grounds will expend twenty-five percent (50%) of his/her time directly related to fulfilling the responsibilities of his/her position in the District's Risk Management Program. It is expected that other custodial and maintenance personnel will devote between ten percent (10%) and fifty percent (50%) of their time, depending upon their individual job assignments, in daily inspection, maintenance, and repair of buildings, grounds, vehicles, and equipment, to provide a risk-free environment.

If needed, an environmental company will perform professional industrial hygiene services for the Putnam County CUSD #535 schools. The goal of these services is to identify potential environmental concerns affecting the health and safety of building occupants. The company will conduct a preliminary indoor air quality (IAQ) investigation of Putnam County CUSD #535 schools to identify potential concerns as needed. The IAQ investigation will address potential sources of contaminants, carbon monoxide, carbon dioxide, relative humidity, temperature and air velocity. They will also conduct lead-based paint risk assessments for each school, along with testing drinking fountains for lead content. These actions will only be performed once, unless laboratory results indicate that continuous monitoring is necessary, the company will also install carbon monoxide detectors in each school. Carbon dioxide and carbon monoxide testing will be performed on a quarterly basis. The company will also set up radon testing kits to determine if a potential problem may exist.

The District's Risk Management Program in relation to the health and safety of the District's students and employees is the responsibility of the Building Principals, their administrative staff, and other staff they supervise. The degree of this responsibility (time invested) varies in accordance with the number of students involved, the age of those students, and the number of employees involved. Building Principals and the employees they supervise shall provide for the protection of students and employees from exposure to tort-producing situations which arise from, but are not limited to, the following:

1. Incidents in the lunchrooms;
2. Incidents on playgrounds;
3. Incidents occurring during school athletics;
4. Incidents occurring during physical education classes;
5. Incidents occurring during vocational training, technical education, or shop work;
6. Incidents in connection with the transportation of students:
    a. Boarding a bus, van, or other District-owned vehicle;
    b. Disembarking from a bus, van, or other District-owned vehicle; and
    c. Immediately prior to boarding and after disembarking a bus, van, or other District-owned vehicle;
7. Incidents in connection with safety of students from traffic hazards and exposure to risk;
8. Incidents due to acts of fellow students:

a. Committed in classroom; and

b. Committed outside of classroom; and

9. Incidents occurring:

a. Before school buses arrive;

b. During or between class periods;

c. During noon hour or recess periods; and

d. After school buses depart.

It is expected that each Building Principal will expend thirty percent (30%) of his/her time in meeting his/her responsibilities associated with the Risk Management Program.

It is expected that the secretarial and clerical staff supervised by the Building Principals and Assistant Principals will devote fifteen percent (15%) of their time on duties directly related to risk management.

Certificated teachers and coaches have specific job responsibilities relating to student safety as related to their overall job responsibilities in their specific areas of instruction. As a result of their specific job responsibilities they expend between ten percent (10%) and twenty-five percent (25%) of their time in meeting their responsibilities associated with the Risk Management Program. Clerical staff supervised by certificated teachers and coaches are expected to spend between five percent (5%) and twenty percent (20%) of their time on risk management duties.

Certificated special education teachers are responsible for monitoring the behavior and protecting the health and safety of the individual students and groups

of students they serve. The time expended by special education teachers in fulfilling their responsibilities under the Risk Management Program will vary each year, depending upon the types of services required by District students. It is expected that between ten percent (10%) and fifty percent (50%) of the cost of special education services is attributable to special education teachers' risk management duties.

The District employs paraprofessionals in regular classes. The paraprofessionals help oversee individual and group behaviors inside and/or outside of the classroom. As a result of their inherent duties, these paraprofessionals expend ten percent (10%) of their time meeting risk management objectives.

One of the primary responsibilities of the school nursing services is the protection of the health and safety of students and employees. The school nurse is directly involved with the District's compliance with state health laws and ensuring that the students have been physically examined in a legal manner and are in a risk-free physical condition, both in relation to other students and District personnel. Nursing services have the additional risk management responsibility of reducing student/employee exposure to communicable diseases and other health and safety problems. Not only is the school nurse responsible for limiting exposure, but he/she is also responsible for the assistance and protection of students with specified health problems, health needs, and safety needs. The portion of time devoted by the school nurse to limiting and avoiding tort and situations arising from

the health, safety, and physical conditions of all students is seventy-five percent (75%) to one-hundred percent (100%) of his/her time.

The District's Technology Support Specialist is responsible for the installation and maintenance of the District's software programs, including Internet filtering software, and for monitoring the use of these programs in accordance with licensing agreements. The Technology Support Specialist plans and implements staff development programs for the classroom and educational use of computers. He/she is also responsible for supervising and monitoring the use of the Internet by students and employees in accordance with state and federal law. These duties require the Technology Support Specialist to expend fifty percent (50%) of his/her time meeting risk management objectives.

Employees in other positions may be assigned duties and responsibilities that involve exposure to tort and risk situations or the monitoring, modification, and/or elimination of such situations. The Administration shall be responsible for identifying such employees and for documenting the duties and allocating the time to be expended by them under the Risk Management Program.

EXPECTATION OF TIME DEDICATED TO RISK MANAGEMENT ACTIVITIES	
Superintendent	25%
Superintendent's Secretary	15%
Bookkeeper	15%
Director of Buildings and Grounds	50%
Custodial and Maintenance Employees	10%-50%
Maintenance – Building Inspections	50%
Building Principals	30%

Building Secretaries	15%
Art Teacher(s)	15%
Physical Education Teacher(s)	20%
Music Teacher(s)	15%
Computer Education Teacher(s)	15%
Preschool Teacher(s)	15%
Kindergarten Grade Teacher(s)	15%
1st Grade Teacher(s)	15%
2nd Grade Teacher(s)	15%
3rd Grade Teacher(s)	15%
4th Grade Teacher(s)	15%
5th Grade Teacher(s)	15%
Reading Interventionist Teacher(s)	15%
Math Interventionist Teacher(s)	15%
6th Grade Teacher(s)	15%
Middle School Language Arts Teacher(s)	15%
Middle School Math Teacher(s)	15%
Middle School Science Teacher(s)	20%
Middle School Social Studies Teacher(s)	15%
High School Language Arts Teacher(s)	15%
High School Foreign Language Teacher(s)	15%
High School Math Teacher(s)	15%
High School Science Teacher(s)	20%
High School Social Studies Teacher(s)	15%
High School Driver Education Teacher(s)	25%
High School Business Education Teacher(s)	15%
High School Home Economics Teacher(s)	15%
High School Industrial Arts Teacher(s)	25%
Guidance Counselor(s)	15%
Social Workers(s)	15%
Librarian(s)	15%
Early Childhood Center General Substitute Teacher(s)	15%
Elementary School General Substitute Teacher(s)	15%
Middle School General Substitute Teacher(s)	15%
High School General Substitute Teacher(s)	15%
High School vocational Education Substitute Teacher(s)	15%

Athletic Coaches	10%-25%
Athletic Director	50%
Media Aide(s)	10%
Nurse(s)	75%-100%
Cooks	25%
Paraprofessional(s)	10%
District Technology Support Specialist	50%

PROGRAMS INVOLVED IN RISK MANAGEMENT ACTIVITIES:

Extra-curricular programs	25%
Open-gym supervision	80%
Gifted program	10%
Summer school	10%
Intramural program	80%
Early-retirement program	12%

INSURANCE:

Building, Workers' Compensation, Unemployment Insurance, Errors and Omissions, Liability, Vehicle, Personnel Bonds, Cyber liability

SERVICES:

Legal fees connected with protecting or defending the District against liability
Insurance Consultant
Consultants and/or training of employees concerning HIV, Hepatitis B and communicable diseases
Legal fees for defending against constitutional and civil rights violations and tort suits
Fire monitoring system
Special education services through LaSalle/Putnam County Educational Alliance for Special Education (LEASE)
Cybersecurity MIS agreement

JUDGMENTS:

Any and all tort judgments or settlements for compensatory damages against the District

OTHER:

Other such expenses that the administration deems appropriate under the tort immunity legislation

DETAILED RISK MANAGEMENT EXPENDITURES

Risk management and/or insurance related:

- Risk management administrative expenses
- Loss prevention program expenses
- Treasurer's bond
- Vehicle insurance
- Comprehensive school package policy
- Unemployment insurance
- Workers' Compensation insurance
- School Board legal liability
- Umbrella policies
- Malpractice insurance (nurse)
- Vandalism expenses
- Insurance deductible costs
- Cyber liability
- Abuse and molestation

Buildings/ground alterations:

- Surveys or removal of underground storage tanks
- Testing or building alterations related to sick-building syndrome
- AHERA compliance
- ADA compliance
- Playground equipment repairs
- Replacement playground equipment
- Testing for radon
- Testing for lead in drinking water
- Asphalt repairs and seal coating

Security:
- Building security systems
- Security devices
- Security monitoring systems (cameras)
- Playground supervisors

Blood borne pathogens:
- Purchase of universal precaution kits (bandages, Bactine, Lysol, etc.)
- Costs related to personal protective equipment
- Costs related to the disposal of bodily fluids

Inclusionary education costs:
- Multi-disciplinary conference costs (special consultants)
- Appeals, hearing, court recorder costs

Physical education and athletics:
- Gym mats
- Refurbishing/testing helmets/equipment
- Padded basketball backboards
- Bleacher inspections
- Bleacher repairs
- Replacement bleachers

Miscellaneous:
- Fees associated with attendance at risk management workshops
- Crossing guards
- Eyewash stations for chemistry labs
- Fringe benefit costs related to salaries allocated to risk management

Asbestos:
- Asbestos Management Director
- Sampling and testing
- Air sampling professional
- Project Manager

Security systems:
- Purchase
- Upgrades
- Replacements
- Firewall and network/Internet monitoring licensing

PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535

STATE OF ILLINOIS)
COUNTIES OF PUTNAM, MARSHAL AND LASALLE) SS.
VILLAGE OF GRANVILLE)

CERTIFICATE

I, Reed Wilson, DO HEREBY CERTIFY that I am the President of the Board of Education in and for Putnam County Community Unit School District #535 and that the foregoing is a true and correct copy of the Risk Management Program duly updated by the Board of Education of Putnam County Community Unit School District #535 at a regular meeting held on the 17th day of November, 2026, said update being a part of the official records of said Board of Education.

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President of the Board of Education
Putnam County Community Unit School District #535