

Budget Development
5/30/2019
1:00pm-2:30pm
Administration Office – Room 123B

Attendees:

<input checked="" type="checkbox"/> Dr. Hardebeck	<input checked="" type="checkbox"/> Abby Johnson	<input checked="" type="checkbox"/> Aaron Harder	<input checked="" type="checkbox"/> Lori Bica	<input checked="" type="checkbox"/> Joe Luginbill
<input checked="" type="checkbox"/> Kay Marks	<input checked="" type="checkbox"/> Jim Schmitt	<input checked="" type="checkbox"/> Kim Koller		

TOPIC	DISCUSSION
1. Public Comment	<ul style="list-style-type: none"> • Members of the OPEB committee attended the meeting • Dan Wilson – Equity piece between A, B, C, B1 – look at equity through a different lens – single benefit now in B would get 66K increase in OPEB compared to what they have been thinking they would be getting – and a family in B would get a cut in 66K – expecting vs getting is no longer equitable • 527 ppl and ___ are 50 and over – 320 people for ABCB1 if looking at a savings of 50M – averages to be 156K cut to their benefit – 50M over 320 ppl is inequitable • Mark Goings – what will Mark’s role be? 5th/6th year – has been teacher representative for FAC – voting member of Demo & Trends, before he was able to be a part of the round table, think about would you like him to go back to that level as they move forward as a person at the table • Insurance passed a couple months ago – very little discussion before on the Bridge – would like board to consider there is approx. 600% increase in Employees out of pocket expectation going from \$500 to \$3,500 is a substantial increase – fixing this could mean increasing the bridge – could be \$137K line item increase – that seems like a lot in our budget situation, but we should think of this from the employee perspective
2. Elect a Committee Chair	<ul style="list-style-type: none"> • Committee needs to elect a chair, Aaron was a previous chair, he is okay to be the chair again, but wants to be clear on what this committees’ goals are. Big year ahead of us, budget is huge, and we have some tough decisions to make. Wants to make sure we are doing them together and the committee is clear on its objectives. Wants to make sure that the board members present are experts • Identify questions that the board needs to make decisions on – project managing this year – making a timeline for the committee to work on • Helping the board to make those hard decisions • Does this committee have a workflow of things that need to be done? • Have been working on OPEB so there are more things that • Lori and Joe appreciate Aaron’s history on this committee • Role of the BDC helping to facilitate between the board • BDC seems like a review group before the board sees the information • Looked at the BDC Charge

	<ul style="list-style-type: none"> • Joe moves to elect Aaron to chair the committee Lori seconds • All in favor – 3 approve • Congratulations Aaron!!
<p>3. Continuing OPEB Discussion</p>	<ul style="list-style-type: none"> • Abby's PowerPoint • Including an OPEB history that has been shared with the OPEB committee • We don't currently have the 2019-20 dollars yet because of the moving targets, this is one of the reasons that OPEB was looked at due to the sustainability and predictability • OPEB discussion has been looked at since 2004 with regular updates to the Board until the Compensation plan was being reviewed in early 2016 • In December 2016 BDC made OPEB their top priority • Budget Development had 3 goals for OPEB: Sustainable, Equitable, Values Retention • Equitable has been talked about a lot from due to the benefits being tied to health & dental plans – if we have the same years of service our benefit could be different because you have a single plan, and another has a family plan • In April 2018 the committee brought new scenarios to the Board, A, B, C • Initially BDC had A and C and there was a significant difference - that is where B came from as a middle ground • In December 2018 BDC brought 3 options forward, B1, cap health and dental rates, no change – board decided to create a committee • Charge was delivered to the committee in March 2019 • Committee was made up from different people from different groups as well as OPEB and non-OPEB people • Committee had 5 meetings in April and May 2019 • Group discussed, married, stipend, H&D coverage, OPEB Scenarios, New Ideas • In the charge, stipend, married couples, 4 scenarios, these options were discussed at length, it isn't easy to have a sensitive conversation with different employee groups, the conversations were very sensitive, but all employees were sensitive and appropriate when things may not affect them but they may affect someone else at the table • Committee charge was these things – committee believes that the OPEB conversation targets a specific group of employees – resounding take away was everything that was being discussed was targeted toward those employees • They all understood that something needs to change due to the budget situation, the question was isn't there something else that doesn't target 1 specific group – that can be more spread out that isn't this but more of that isn't so targeted • Group went through each thing in the charge – lots of questions and follow up and then as an educated decision to make a decision at the very end after they heard everything else • What else was asked and what is the target!? • Then there was a giant list of everything that could save money



- Some of the items on the list the committee decided that we need to take off the table or that there were things that were left on the table
- AA – Earn HRA like married couples instead of automatic contribution – approximately \$50,000 savings
This helps with the dollars coming back in a more flexible manner instead of a pot that has limited use
- BB – No HRA contribution for retirees after retirement
Surprising to committee members, they didn't know that this happens, retirees that retire in June you still get your HRA contribution in July and then not again after that
- CC – shift HRA contribution Date
District puts HRA contribution into accounts in early July due to exposure. Bills may not show up until about September. They could pay employee 1 in July and then employee 1 quits July 7 and then employee 2 starts July 15 and then gets paid – we are double paying for the same FTE
- DD – Lock Insurance Rates for OPEB at 3% or 5%
BDC decided to take off due to the limited cost savings – does the committee have a targeted savings? Due to the past work with \$42M and \$57M Budget Development Committee choose \$50M – in one year it may not be a lot, but in 10 years it is a lot of money – the longer we wait to make a change the longer it is before we see a savings – this would be in addition to the current benefits they would 'lock' the rates at the % - this would most likely go into effect 2020-21 – committee did not like the grandfather period because you were drawing a line in the sand and there is always going to be someone that is just shy of the line – you will always create a winner or a loser
- FF -Lock insurance rate at year of retirement instead of year after
If you retire in June you have the option to take the insurance cap from June or July whichever is better – employees get a larger benefit in July, could save about \$150K based upon comparison between 2018-19 and 2019-20
- Savings in Sick Bank changes?
- DD/EE could say this year's rate locked for 3% or 5% in addition to FF is for other retirees
Takes out medical trend to create predictability, there are some savings, it is not 1.5M/year but it is some
- Talked about this as a potential transitional holding pattern, while we see what else we can do immediately, so that we can start to move the fund balance back up, it brings us back to the fundamentals of what the committee is about
- Has the committee talked about other things in other personnel? Salary, FTE distribution
- GG – Grandfather based upon years of service instead of age and years of service
Someone who is 49 and has been here 20+ years in grandfathering scenarios they would never meet the criteria, but they have given their entire career to the district
- HH – grandfather based upon meeting eligibility instead of fixed date



Meet grandfather, but want to keep working, feeling forced out, should be able to keep working if you are willing and able – big piece

- II – modification of a cap based on individuals actual need

When a family retires they go out with family plan and we pay until Medicare eligibility but instead look at how many years you need a family vs employee+ - hard to predict due to ages of children and spouses – we know we are over paying a benefit – if we could do this option and figuring the logistics, we could get what employees actually need – what do other municipalities do – they are most likely not tied to H&D

- What about partner has coverage elsewhere - there was a lot of conversation on this topic, but it was taken off the table
- AA-II was the things the committee wanted to keep on the table – everything else was off the table to continue discussion – lots of other ideas in brainstorming sessions
- Interesting to see what was considered and what was taken off
- Lots of things to keep off the table were very creative and outside of the box these ideas may change recruitment pattern going forward
- Committee found ways to save money, but it also opened the doors to see the exodus
- Are the committee's ideas going to be shared with all staff to keep the lines of communication open? These ideas are great way to show that we have talked about them in the past
- How do we keep these things on the list with the other cuts that we may have to make?
- We found some slivers of things – like timing of HRA deposit – not at all surprised at the outcome with the committee saying that the committees recommendation on things the board asked to look at are off the table – employees talking about taking things away from employees is not surprising on the outcome of the committee
- Board wanted to understand that the committee talked about the things presented and getting a holistic view of why things are taken off the table – seems like a good step forward
- If we get committee information where does the board want it?
- Why are they not presenting to the Board on the 3rd?

Didn't feel that the information is ready to go, but also it didn't come to BDC first

- What is the most accessible form for all employees to see?
- There are minutes and committee are surprised that the board did not get to read them, and the committee would love to keep meeting
- Committee is looking for feedback on what to fine tune going forward
- Spreadsheet could save 0-94K per employee – seems fair because you are getting what you need
- Grandfather is important if we are going to cut the benefit but really it means look at other things

	<ul style="list-style-type: none"> • Don't want a decision that would require no grandfather need – wants board to look at all the other options • If major changes are made, be aware, it may force people to stay when they maybe should have left • Committee can forward a spread sheet so BDC can see what is happening • BDC will need a recommendation to bring to the School Board – we can update the board to say you are working • Seems there needs to be more research on other things that are not on the AA-II • Seems like there needs to be some that need to come forward to start moving now and then continuing more work and discussion • Like the idea of moving forward now • DD putting in place now 2019-20 or 20-21 – locks in our predictability now and helps to continue the conversation – this is a holding pattern, but we may have to keep doing more – it holds us for now so we can look at the bigger picture • Keep in mind implementation date so that people can make personal decisions to make retirement decisions • Approval for 20-21 school year – AA, BB, EE, FF, II • Immediate implementation – CC • Feel like GG and HH will come at a later time after further budget discussions • Board would like to read minutes and rank order from committee • Committee voted to keep on the table and share with BDC • Committee needs to Rank order them.... • Shifting HRA date seems like it is a no brainer to start so would move up to the top of the rank • Can BDC assume that Kay and Abby's commentary are included in this as well? Or can we get their ranking as well? • Minutes out to all board members, another Committee meeting, another BDC meeting, recommendation to the Board July 22
<p>4. BDC Meeting Dates</p>	<ul style="list-style-type: none"> • 2&4 Tuesday of the month

Next Meeting: 7/18/2019