

Budget Development
2/25/2020
1:00pm-2:30pm
Administration Office – Room 137

Attendees:

<input checked="" type="checkbox"/> Aaron Harder	<input checked="" type="checkbox"/> Lori Bica	<input checked="" type="checkbox"/> Tim Nordin		
<input checked="" type="checkbox"/> Dr. Hardebeck	<input checked="" type="checkbox"/> Abby Johnson	<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"> • Stella and Grace – working on video for solar panel fundraising, hoping this project goes through. Both very passionate about this project because the environment is being negatively affected. It is great knowing that our school can be part of the solution. Other students share the same passion. Money that it is saving the district is also important. Climate change is getting to be a lot and it seems to be piling up, as students who aren't in a power situation, it is hard to see what an individual can do, if we can cut down as school buildings, it is going to be effective. Thinking it would be cool with the estimated \$20K savings, cannot be sure for the full 25 years that it would be \$20K, if some of that money could go to pay for scholarships, that would be cool. Overall the panels are going to be huge for STEM students. It will enhance the curriculum. Very excited about solar panel project. • Sarah French – Exciting to see the impact of our money impacting students. Its why we are here to see how what we do is impacting the students. Great for Lori Bica to be on the foundation as Ex-officio. Understand the \$50K was granted for the 2019-20 year. Proud to fundraise on your behalf. Hope you have been able to see the Golden Apple Awards information on WEAU each night. Hope you can join us at the banquet, each night at 6pm the honorees are being featured on the news. Solar project is an exciting project showing the value a foundation brings to you. Understand budget cycle is annual and we are happy to help get any other information you need, working with P&G to define a policy and MOU to finalize an agreement. As the foundation grows on their own, the investment is a huge impact on us and allows us to do the work on your behalf. This investment pays off in dividends in the long run. This is worth it to ensure funding for your students and forever. Thank you for your continued investment in the foundation and solar.
2. Actuarial Study Review	<ul style="list-style-type: none"> • Linda Mont from KBC is on the phone to help with review of the study • Abby reviewed why the OPEB conversation continues



- OPEB liability ranges from \$5.7M - \$6.7M and that money impacts 80% of the budget
- In August 2019 the School Board voted on five cost savings measures for the district that will impact the 80% of the budget
- In the actuarial study, the employee getting what they need has been taken into account in the past, the new numbers will impact our cash flow, but not our overall liability
- Linda explained the current OPEB liability and what the change of locking the insurance rate at the year of retirement, not the year after could do
- Making this change could save the district about \$3M over a 30-year period
- Total OPEB liability is not looking at 30 years of expected payouts, but it is looking at how much employees have earned that may be paid out over the next years
- Using the modification of the cap you are adjusting to what is actually expected to be used
- The Board had a few items that they wanted to postpone, one being changing the grandfather information – if you wanted to change things you would want to add in a 3- or 5-year extension cap of when someone can retire after the grandfather period
- Age and years of service chart, the old benefit said you only had to work for the district for 15 years and meet the age. If you are using only years of service, it is counterintuitive to take out age because it doesn't impact liability
- 3% cap to a family plan could control the rate for which the benefit would increase, and it would bring the average down
- COBRA – by electing COBRA and staying on for 18 months, you can continue to get your HRA contribution, but you cannot stay on our plan
- One of the great things that happened last year, the state said you don't have to be on our plan, but there is an ETF plan where they can take the premiums from the WRS benefit
- We can then curb the medical trend by taking the retirees off the plan
- We hope that it will curb the rates for premiums for those active employees. It could change the implicit rate subsidy by about \$5.6M
- We could save or reduce liability on financial statements by \$6.7M
- What is the idea of the implicit rate study – we would offer them COBRA, people would then be on their own plan, we would be encouraging people to take charge and shop for their own plans
- Expected gain is from the fact that the older folks with the higher claims cost, between 55 and 65 has the highest health care claims, we offer a short window for them to stay on, but then they need to go off
- While we are saving \$3M in cash flow, we are also reducing the financial liability

	<ul style="list-style-type: none"> • Changes that were put into place, what are the savings? • Total liability change is about \$1.2M over 30 years, so about \$4K per year savings? • Range for options A, B, C, B1 are about \$30-\$50M over 30 years • The Board passed five recommendations the committee brought forward, what was the average savings because of those changes, it is roughly \$40K per year • The first year it would be more of a change because of the one-time savings for not contributing to the HRA the year after retirement which is about \$150,000 • The change to COBRA will not change cash flow it will change your overall liability • 3% cap has not been implemented, but something we have talked about. If we cap today, it reduces our obligation per person, taking it away from health and dental inflation helps, if we can curb that by applying an appropriate cap, assumption will save us some money • Cashflow doesn't change because we don't change the amount of money we are paying • Projections with liability savings is who earned the benefit and who is expected to earn – not changing today, but should impact in the future • Financial statements need to show the benefit that people earned thus far • 40-year-old person earned a portion, we are looking down the road • Cash flow impacts our overall budget, but overall liability is how much we will pay over time • We prefer things that impact our cash flow because that is our day to day budget - We need to pay attention to this history • How much do we want to save per year? • This study does show that the changes we implemented are not showing the progress we hoped for, so what is the right number? • If \$30M is too much, what number is not too much? • We have seen lots of things to change the bottom line, what does the Board want? • A report to the board is a good place to start. Here's what we know and here is where we think it should go next <p>PUBLIC COMMENT</p> <ul style="list-style-type: none"> • Mark Goings – recalled the different scenarios and their savings • The change to the cap modification wasn't thought of before and is a large change to the dollars that a retiree would get • It is important to know what you want to look between: cash flow or liability – recollection was the savings was for cash flow in A, B, C, B1
<p>3. Employee Engagement Committee</p>	<ul style="list-style-type: none"> • Did do a little bit of digging on the budget process - There are many different people and departments that are involved in the budget process. This happens at the building level before it gets to administration



- Then there are additional layers of people who review requests before they get to the Budget Committee
- Do we have a committee in the district already that can meet those needs?
- The discussion in the past was to look at the 80%, we do have the Holistic Committee that looks at benefits. They already have a regular committee meeting time; we could brainstorm with that committee Budget Development Committee ideas
- Membership of the committee, thinking to start with the OPEB committee and then adding into the Holistic
- Prior to Act 10 it was called the Insurance Committee, and the purpose was to negotiate with insurance, after Act 10 that was not possible anymore, there were lots of small groups that were doing wonderful things for the employees so we brought them all together to form the Holistic Committee to benefit the overall quality for our workforce
- Revamping the group would be okay but we would want to know the charge ahead of time for the year. We would want to make sure that we target the right group to meet the charge
- Previously wanted the committee to look over the Budget Development working list to see what they would add, change, or prioritize
- Could ask the Holistic Committee what their thoughts of revamping are
- Employee health and wellness has been the target, how could they help?
- OPEB committee recruited a group of people over a broad spectrum
- Seems to be slightly different between Holistic and this group we want to create - Maybe Holistic has outlived its usefulness, maybe we need a wellness committee and a benefits committee
- Insurance is the biggest piece of the Holistic Committee each year
- OPEB people struck us as real budget people, felt like an advisory group for Budget Development - OPEB work given to Holistic Committee would have given a different outcome
- Those members were sought out to do specific work for the Board
- People had interest or passion for OPEB, increment committee was a very different group of people, OPEB people weren't all budget minded and there was some that were, so they helped each other to see the common goal that the Board wanted
- Audience needs to change to make sure the right people are at the table
- Revenue Committee should be rolled under the Budget Development at some point, is this kosher?
- Revenue Committee is staff, community, parents
- OPEB committee was just staff
- Is it viable to have a subcommittee/advisory committee for Budget Development Committee?

	<ul style="list-style-type: none"> • Those two groups seem like great groups, but not limited to just those groups • Board is interested in engaging a wider group of staff in the budget conversation with the intent to have a 2-way conversation • Maybe they could look at OPEB? <p>PUBLIC COMMENT</p> <ul style="list-style-type: none"> • When you had the list of subsets last time, would get you different committee members, one is insurance one is OPEB, if you wanted to do a hybrid, to look at OPEB stuff we recently did • If you started doing things like increments seems like a totally different group of people • How many of these groups do you want going on at one time? • Maybe having one per year with specific groups, probably not having 2 or 3 of these groups going on at one time • 3% cap in OPEB... as an insurance cap or is that built in, 0% change in overall health insurance so it would have been a 0% increase for OPEB • We are at a unique place and a place to start looking at things, seems like a good starting point for a committee charge
<p>4. Future Agenda Items</p>	<ul style="list-style-type: none"> • OPEB recommendation to full Board • Working list • Employee Committee

Next Meeting: 3/10/2020