

Budget Development
3/10/2020
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 type="checkbox"/> Kim Koller

TOPIC	DISCUSSION
1. Public Comment	<p>Sue Bornick and Ellen Terwilliger</p> <ul style="list-style-type: none"> • Speaking on behalf of Sarah, update on Solar on Eau Claire fundraiser has been in the media and Foundation is grateful to have so many visible partners • Thanks to District Administration for adding information to the District Update, it is a great way to connect with staff • Students are thrilled to be part of the process – link to video is on the Public Schools Foundation website • Ellen and Steve are chairs of this project, had a day last week that there was \$20,000 that came in in donations, still working to get more donations, committee members and students have been going out and about to speak to the community and this has helped, but please donate and ask friends and neighbors to donate as well • Look forward to being part of the RFP process, Thank you <p>Mark Goings</p> <ul style="list-style-type: none"> • Has been working with Abby to make an apple to apple conversation, recommends that committee tables this topic until next time • If the OPEB dollars did go down by \$23M may want to improve OPEB, would be a different conversation • OPEB type committee – as you look toward having other OPEB type committees – consider last committee there was a net savings in multiple categories, some dollars will be seen in the general funds, while what you need is configured into the realized savings about \$21M • Cash flow savings looking at a \$31M savings over 30 years • Staff is taking a deep breath and is okay with this, when looking at OPEB and other OPEB type committee savings, if they are bringing you savings in anything as a net positive does it matter how they got the savings? • Give yourself until October November to choose what type of shape the referendum will take – will want new Superintendent and fall staff to give input on what they want, to see if we need an operational component • This group for years has been looking at what to cut, give yourself time

2. Actuarial
Study
Review
Follow-up

- Abby provided clarification on Cash Flow vs. Unfunded Liability
- Cash Flow is what we are paying year to year day to day for those benefits, based upon the actual people who have retired
- Cash Flow is like writing a check – paid today
- Unfunded Liability is the value that has been earned to date, this includes those people who are 40 that have earned 10%, but we don't owe them yet, this number changes every time we look at the numbers based upon who may retire and who has left the program
- Shows what they have earned, not a projection of what they could earn
- Cash flow is estimating on the 30-year picture that they will earn all of it
- We have a new study every two years because we need to understand our liability and what is changing
- Cash flow is projected for the next 30-years, but it is not over in 30 years
- Cash flow statement only shows health and dental and stipend is on a different report
- What is the \$124M vs \$89M? The \$3M is a savings that starts in 2021, we are really at like \$121M ... What is the \$89M? To get apples to apples you must add in the stipend (20% of base x number of years worked) the previous actuarial study did not take into account the HRA stipend deposit
- There are multiple factors that make these numbers
- After the 30-year projection the tail end of the OPEB eligible staff starts to taper off
- The real question is are we okay with a \$6M payment each year now?
- Naturally with people moving onto different things in life there will be change in the cash flow and liability
- How is cash flow projected, is it... x people working and a portion of them will make it to the end also includes inflation of health and dental, past rate of retirees/WRS rate of retiree, other factors as well
- Finding it hard to believe that by doing nothing we have saved \$10M and 50 people have left the program, we are working to get clarification comparing apples to apples
- We are looking at the big picture to try to see the impact of the changes we made-Confident that the \$3M savings from the cap is a correct savings
- HRA contribution discontinuing after first year of retirement is a one-time savings of \$150,000 because it is part of the general budget, not the OPEB liability
- If we didn't make the change could possibly spend \$4.5M over 30 years
- Costs we are committed to, have changed
- There is risk to OPEB that isn't in other budget categories
- When we looked at the scenarios, we were reducing the volatility



- OPEB question from the Chamber – the district has been working to get its unfunded liability of millions – what is the district’s plan to help the OPEB
- There is a reason we keep talking about this and no one likes to talk about things that were talked about in the past
- Modification of cap effects the budget, but not the financial statements
- Option B for retirees moving off health care plan after COBRA
- What about 3&5%? Linda wanted to verify numbers as they were from a long time ago
- COBRA – what is the impact for those people who we are asking to move to another plan?
- Brand new state plan called ETF plan, provides group plan rate and premiums could come out of the WRS pension payment
- Targeted savings amount is a good objective, feel like we have agreed as a Board that the ballparks seemed too high... really important question to answer, if not that, then how much?
- There are few targets as big as OPEB, it is naturally going to be part of the conversation, part of the work that we are doing
- What else is on the table to talk about, conversation is ongoing, don’t think that it is wrong to talk about a number
- Target savings to the full budget is a good question, what is the number we need to feel comfortable
- COBRA could be about \$500,000 per year
- BOARD CONVERSATION FOR FULL CONVERSATION TO DECIDE WHAT TARGET SAVINGS WOULD BE
- \$3M per year that has some sort of acceptability, feel like we need it, this year a slight surplus, the conditions were great, but they were totally out of our control, we need to be ready to brace for impact
- So much viability in the biennium budgets, now things look pretty good, but in one or two years it could be totally different
- Lucky to have a breathing year to prepare
- Why \$3M? seems to be how much we are missing regularly, has been average ... if we didn’t do everything possible that is where we would be at, have noted that we have made lots of cuts and there aren’t many things left to cut, Operations would be a good Fund to start with
- PUBLIC COMMENT
- Additional HRA, how to account for those things, ultimately as a Board would like to see a 2-year trend on where we are going
- Would suggest, insurance as you need, it would be overwhelming for payroll to do this, but the people who are retiring this year, use as a data set to see what the potential savings would be

	<ul style="list-style-type: none"> • Report 2 years ago, 655 people that qualified, that no longer get \$2,000 deposit that is \$1.5M item 3 roughly 600 people who are not getting it, 1 year at \$150K or each of those people would get up to \$2,000
<p>3. Referendum Discussion for BDC</p>	<ul style="list-style-type: none"> • Met with agenda setting and they set some dates for listening sessions • Board will have small work sessions each time to discuss referendum upcoming deadlines • Last time we did a hybrid, capital and operational question for 15 years • Budget Development Committee will talk to the full Board about question templates in May, not a full question, but just a template • Operations seems to be important • FAC provided some preliminary comments that were strongly Roosevelt and South, then how are you going to manage the growth on the south side elementary, additions or new building • Capital piece will include a strong recommendation from Demo & Trends • Previous listening sessions were mostly attended by staff and retirees • Will provide summaries from sessions to provide conversation • In the community, people who don't follow our budget conversation, know Roosevelt and South need help • A lot in the strategy is how you build the question... do you want to attach an unpopular option to a positive one in order to pass? • Is there a third thing that you expect to emerge? Additional technology, operational, different programs, additional staffing, psychs, social workers, helping positions that we haven't been able to get, expect to hear about just about anything initially • Roosevelt and South about \$23M-\$30M depending on inflation costs • Addition to Putnam Heights and Meadowview \$5-\$6M each, at least • Operational potentially depending on what comes up • Technology, programming, mental health are great examples, is there a range of those that we should be aware of? • Listening sessions will provide lots of insight on needs <p>PUBLIC COMMENT</p> <ul style="list-style-type: none"> • Demo & trends, Robbins Elementary – added 60 kids, would be larger than Northstar, what about core staff, at some point does that need to be looked at: AP, TOSA, what does that mean short/long term?
<p>4. Future Agenda Items</p>	<ul style="list-style-type: none"> • OPEB recommendation to full Board • Referendum – different types of questions • Working list – feeling at capacity at the moment

Next Meeting: 3/31/2020