

**BOARD OF EDUCATION
Ellington, Connecticut**

Finance Committee Meeting Minutes

The special meeting of the Finance Committee met on Wednesday, March 10, 2021, at 6:00 p.m. in teleconference format.

Attendees:

Board of Education Members: Ms. Jennifer Mullen, Ms. Jennifer Dzen, Ms. Liz Nord, Mr. Michael Purcaro, Ms. Miriam Underwood

Administrative Team Members: Mr. Brian Greenleaf, Director of Finance and Operations, Dr. Scott Nicol, Superintendent, Ms. Jennifer Brown, Administrative Assistant to the Superintendent/HR Coordinator

Other: Mr. Chuck Petruccione from Brown and Brown

Call to Order: The meeting was called to order by Ms. Liz Nord at 6:01 p.m.

Agenda Items:

1. *2020-2021 Budget Update*

Mr. Greenleaf discussed the projections as of February. The Board will give \$179,000 to the town which will include spending down the reserve in the dental insurance account by \$150,000 and to move that money to the medical reserve account. The reserve account will have about \$223,000 from last year plus another \$150,000 from the dental insurance reserve which will equate to \$373,000 in the medical reserve account for the start of next school year. This will be about 6.3% of the overall budget for the 2021-2022 school year. Mr. Greenleaf indicated that he would have a better projection by the end of April as the district finalizes spending for the current school year.

Mr. Greenleaf presented a breakdown of object item 111 between teachers and administrators. The district had a slight deficit in the administrator side due to the need for an administrator at Windermere School and the hiring of two new administrators at EHS which was less than last year. Teachers had more pupil services personnel in the account retiring last year and the new personnel were hired at a higher cost than projected. Supply account deficit is due to \$173,000 spent on COVID supplies purchased.

Other compensation line item is in a surplus at this time. This surplus is due to unpaid amounts for coaching position not allocated at this time. This also includes severance and adjustments. This is for stipend accounts that have not been paid out yet for the 2020-2021 school year.

2. *COVID-19 Update*

Incoming \$227,000 from the EFSEII grant application is now available to use. We are going to spend \$100,000 to recover previously spent funds for PPE supplies. An additional \$100,000 will be spent for learning loss programs and credit recovery program that Dr. LaPorte will be running this summer. This program will be set up at the high school to include additional tutoring for high school students. In addition to the high school program, summer SRBI Programs for K-8 students related to intervention for ELA and math that will run in the summer of 2021 and 2022. The remaining balance of the \$227,000 will be set aside for technology. The summer of 2022 will use the funding expected from the Coronavirus Relief Act that has just passed through legislation. The expectation is to get an additional \$565,000 from the new legislation for COVID relief. Twenty percent (\$113,000) of this funding will need to be set aside for learning loss programming.

Ms. Underwood's questioned if the surplus from the 2020-2021 school year could be used to keep the Library Media Specialist in the district rather than placing in the medical reserve account. The town budget went up 5.3% and the grand list went up 5.27%. Essentially no cost increase for the town.

3. HR Coordinator Hiring Notifications

Director of Facilities has not been filed at this time and that funding will be more than sufficient to cover the cost of the HR Coordinator for the last two months of the year. This will be considered notification to the board regarding the posting of the HR Coordinator position. The Director of Facilities is still going to be hired for this school year. Discussion were held with the Town regarding shared services with regard to the Director of Facilities and maintenance personnel. Mr. Greenleaf indicated that at this time we still have two maintenance positions that have not been filled. We will still keep communication open with the Town to have these position shared with the Town. The interview process for the Director of Facilities will begin with the hope of having a Director of Facilities by May 1, 2021.

4. Health Insurance Discussion

Mr. Greenleaf presented information regarding the current Health Insurance. At this time the current health insurance budget is \$5,000,399 with a held 6% premium increase. Our initial bid from our current carrier, ConnectiCare, came in at a 19% increase. We have since put out to bid for fully insured and self-insured to get additional rate quotes. Since putting it out to bid we have two lower bids with Cigna and Aetna for fully insured and Anthem self-insured collaborative with ACES. ACES is the RESC that services the New Haven area. All three finalists were asked to sharpen their pencils and Aetna came down significantly from the previous offer. Interviews were held with all three finalists to further explain their plans and coverage for the district. ACES has created a consortium to work with other districts to purchase an insurance plan in bulk. With this option the stop loss insurance would be purchased directly from Anthem and not through ACES but by purchasing this in bulk with other districts this reduces the cost to the districts in the consortium. At this time, we are planning on going with Anthem – ACES consortium. This will allow us to still set aside money into

our reserve account. There is always a possibility that a district may pull out of the plan. Each district currently in the ACES consortium has a two year commitment to the plan at this time and there is no anticipation of any of the district's leaving the consortium. Anthem is a national insurance company and has more clients in the municipal market. Aetna would be a riskier position if we were to move to a self-insured plan in one year. ACES is willing to contribute money for Ellington to join to make the cost comparison with Aetna revised offer. Brown and Brown would be the broker and each town will have a representative from each district to be on the board to administer the plan. The ACES Board meets every month regarding decisions. Each district has their own identity regardless of what happens with the other districts in the consortium. Using the Anthem plan with ACES means no joint risk pool for claims, a benefit of a cheaper stop loss coverage than going on our own, enjoy more year/year protection in stop loss rates, 100% of pharmacy rebates if we go with the collaborative, and coverage of administrative fees. Stop loss coverage can be reviewed from year to year but it is better to get this coverage directly with your medical provider. If the town wanted to join the Board of Education with the ACES collaborative they could still do that in the future.

When comparing the two offers, Aetna was going to give us a \$225,000 premium for the first year only. This is a one time savings but our increase for premium insurance would be 4.5%. If we were to move to self-insured plan we would need to then go with two insurers since Aetna does not offer a self-insured plan.

Ellington currently has 300 members that would join the ACES collaborative of 1,800 for a total of 2,100. We would represent about 15% of the total consortium.

If we compare the Aetna versus the Anthem it equates to about a \$30,000 difference if we go with Anthem. If we go with Anthem it would be a higher total budget. ACES will give us \$75,000 to join the consortium as it will provide a savings to the current ACES consortium members. This \$75,000 would then be able to go into our insurance reserve. Because the first year we would be only paying 11 of the 12 months this would be about an 8% savings which would equate to about \$225,000 that we could then put into our reserves as well. This will be in addition to what we already have projected to set aside for this school year.

Question was raised as to what would be the recommended reserve needed based on projected claims in percentages before going to a fully self-insured plan? Our target is to have a 30% reserve in our medical account if we are to go to a self-insured plan. We would like to have 1.6 million in reserve funding prior to going to a self-insured plan. We would have \$373,000 (6%) towards that goal of 30%. With the addition of the \$75,000 and the \$225,000 for the FY2022 this would put us at \$750,000 which would put us at about 12% of the 30% goal. It could take up to five years prior to getting to our goal of having 30% in a self-insured plan.

By switching to ACES consortium with Anthem there would be no plan changes and no benefit changes based on current contracts. Ninety-five percent of providers accept Anthem insurance plans and there will be no change to HSA vendor or fees.

We project \$5.9 million dollars set aside for projected claims and expenses. Deductions that we are projecting for employees would be \$730,000. We have netted out the \$730,000 from the \$5.9 million. They will pay the \$730,000 directly into a

deduction account and it will go directly to Anthem so we don't have to offset that as revenue. The balance of the \$5.2 million dollars will be within our budget. Of the \$5.9 million, \$325,000 comes out of grants and other funds. These salaries of staff paid out of Title I, Title II, Title III, Choice and our special revenue account. That will offset the \$5.2 million dollars to get us to the \$4.8 million dollars which we have budgeted for in 2021-2022.

The next step would be to remove \$113,000 from BOE budget, sign with ACES collaborative with Anthem, and discuss the transition process with union heads. The self-insured strategy is a long term plan and this will reduce the cost by 7 to 10% of the premium. We want to be at a 30% reserve before moving to a fully self-insured plan. The District would not be at this point unless we had the 6% reserve, the ability to work with the ACES collaborative to reduce our stop loss cost going with a larger group. If we were to sign with ACES we would be committed for two year in this plan. That is not to say that we could not leave after the two year period. All of the districts that are currently in the ACES collaborative have passed the two year period and are not planning on leaving the collaborative at this time. At any time other districts could join the collaborative which would only help based on increase in numbers and this would help to lower the cost for the stop loss coverage.

The current plan is to present this proposal to the full board at the next board meeting on March 17, 2021. It is the consensus of the Finance Committee that this needs to go to a full Board of Education vote on this proposal. Mr. Greenleaf indicated that a decision would need to be made by March 17, 2021, in order to proceed with a new carrier with our staff.

The next town meeting will take place in April to approve the move of funding to the medical reserve plan. All board members will be informed as to the date of the April meeting so that everyone could be in attendance for the vote.

Motion to adjourn meeting

1st Miriam Underwood 2nd Jen Dzen

The meeting adjourned at 7:39 p.m.

Respectfully submitted,

Ms. Liz Nord, Finance Committee, Chair