

TOWN OF GREAT BARRINGTON
FINANCE COMMITTEE
GREAT BARRINGTON TOWN HALL
334 MAIN STREET, GREAT BARRINGTON, MA
MINUTES
DECEMBER 16, 2014
7:00 P.M.

PRESENT:

SHARON GREGORY, CHAIR

WALTER ATWOOD

MICHAEL WISE

LEIGH DAVIS

THOMAS BLAUVELT – NOT PRESENT

CALL TO ORDER:

The meeting was called to order at 7:00 p.m.

1. **APPROVAL OF MINUTES:**

The Minutes of November 18, 2014 were not complete.

2. **COMMITTEE UPDATES:**

Sharon Gregory noted that she attended three school committee meetings this week. Tuesday was the subcommittee on Finance and discussion about a level program budget was presented with inflation and a reduction in revenue spending. School Choice and Tuition In – the increase is expected to be high but it is the first pass so she didn't highlight any of the details. They talked about possible program cuts. Sharon introduced the idea as to whether or not there was cooperation with other schools and if consolidation would be discussed at some point. It was noted this would not be done in the near future. Peter Dillon noted that six south county districts signed a memorandum of agreement to work together. If it was a regional district the school committee and superintendents of the regional district signed it. If it was a town, the Town Manager or Select Board chair signed it. The initial meeting of the superintendent and the school committee was to try to get a grant in connection with shared services. Sharon asked if the Berkshire Hills had to cut programs, would they try to access a program through another school within the budget year. Mr. Dillon said somebody would have to pay for it and it is difficult to get multiple district schedules to work and be able to release people is a significant obstacle. Peter noted the better opportunity would be to share administrative support. If you share teachers, there is a cost for transportation. Sharon said the second meeting on Wednesday was on buildings and grounds and Steve Soule was in attendance with the subcommittee of the school committee. A list of priorities was created that they felt needed to be addressed and it was presented to the full committee on Thursday. They highlighted the need for addressing safety, security, roof, plumbing, etc. At the full meeting, Fred Clark asked that they make repairs or until a strategic planning meeting occurred. A date has not been set yet. The Farmington RI Agreement has been approved. The district agreement discussion came up and it seems no one town but Great Barrington was interested in revisiting it. A motion was made for the school committee to facilitate a discussion with each of the towns. Mr. Dillon said before we can consider doing anything on a potential regional amendment we need to approach each of the Select Boards and assign to them the process and gauge their interest. If the three Select Boards showed interest then it would make sense to go ahead and do an RFP or RFS to bring on a

consultant to start a process that would begin in September to amend and update the language of the agreement because it hasn't been amended in 24 years. In addition there was discussion about revisiting the allocation formula. Mr. Dillon noted that opening a regional agreement is like opening a labor contract and the agreement exists until the 3 towns agree to changes.

OLD BUSINESS:

a. **OPEB Liabilities: Primer and Case Study of Andover, MA – V. Orlowski**
Sharon noted that Vivian Orlowski volunteered to help investigate ways of addressing potential OPEB liabilities. She came across a really good study by the Town of Andover which pretty much capsulate the issues at hand for all towns. Vivian said her concern is to help do research for the Finance Committee. OPEB refers to benefits other than pension that employees receive when they retire specifically, health insurance. OPEB expenses are growing in an unsustainable way and liabilities are severely underfunded. OPEB is growing at an extensive rate that will have a strain on the municipal budget. The Town of Andover OPEB Subcommittee Report dated November 24, 2014 is on their website. Also the City of Boston reached an agreement on health care costs – Press Release:

BOSTON - Today, Mayor Martin J. Walsh announced that City of Boston leadership and the Public Employee Committee (PEC) have signed an agreement to further limit the growth of employee and retiree health care costs that builds on the success of the previous PEC agreement. The agreement is expected to achieve approximately \$45 million in new savings over five years from additional changes to copayments and premium splits. It will consolidate and modify existing non-Medicare and Medicare plan options and avoid potential costs associated with the Affordable Care Act Excise Tax. The agreement also extends the City's and PEC's ability to negotiate health insurance with the unions that represent the City's workforce collectively until 2020.

"City employees deserve competitive health care benefits, as they keep Boston running smoothly and ensure constituents are getting the services they need," said Mayor Walsh. "This agreement strikes a balance between cost savings for taxpayers, and access to the best employee health benefit options."

Under the agreement, the City and PEC will work together to issue a Request for Proposals (RFP) to consolidate and standardize the Medicare and non-Medicare plans offered by the City. Employees and non-Medicare retirees will now have access to three non-Medicare plans, as opposed to six under previous agreements, and Medicare retirees will have access to three Medicare Supplement plans. These changes are expected to reduce the cost of administering the City's health insurance plans and to encourage vendors to offer the most competitive pricing while preserving meaningful choice in coverage options for members.

As a way to further contain costs, the City will now offer a Value HMO plan designed to generate cost savings through a limited network, deeper provider discounts, and/or alternative payment arrangements. Recognizing growing costs of prescription drugs, the City and PEC will issue an RFP to explore the option of carving out Prescription Drug benefits to promote transparency and to lower costs through competitive pricing terms rather than restricted coverage.

The new agreement is responsive to impacts of the Affordable Care Act. For non-Medicare plans, the City and PEC worked together to make plan design changes and introduce an out-of-pocket maximum lower than the Affordable Care Act limit. These measures will reduce potential impact of the excise tax through increased employee cost sharing but still protect employees from financial risk caused by major illness or injury. In addition, if a health plan is at risk of hitting the excise tax threshold, the City and PEC have agreed to make further plan design changes to avoid triggering the excise tax.

The agreement accepts the extension of MGL Chapter 32B Section 19 through June 30, 2020, which allows the district to negotiate health insurance with the unions collectively and to continue building on the cooperative relationship that developed by working closely with the unions under the previous PEC agreement.

b. Follow up discussion of auditor's report and implications on upcoming budget; Pension and OPEB liabilities. The pension liabilities are not available yet from the state for the school district.

Peter Dillon responded to the Recommendations for the School District Budget Inclusion dated December 16, 2014. He said they only received it 5 hours ago and that the school district is composed of 3 towns that going forward it would make sense to not do individual meetings with each of the towns but to do meetings with all three finance committees all together.

Sharon Gregory said she finds herself looking for data in the school budget from all different sources to put it into perspective and her questions would be reduced if there were a repository of information that is easily accessible. If we had a place in the budget where there were links, that would be helpful. We eventually find them but it is after hours of researching and figuring out where the subcategories and sometimes an online report are not available. The other is to have historical data and trends in developing some strategic direction hopefully to help the school committee but also for its consistency and understanding of the school direction. The third is to assist the school committee in inviting comprehensive information to reduce requests being made by various parties. Stephen Bannon noted that the Finance Committee is the biggest party asking for so he is not sure the School Committee needs assistance. He said they need to be made clear what is being asked for and if it is available fine and if it is not available we will tell you. There are not a lot of other parties asking for what the Finance Committee is asking for. Sharon noted that people have been asking her and Stephen noted that then they need to be directed to the School Committee.

(The objectives dated December 16, 2014 are attached to these minutes)

Sharon Harrison noted that it would be easy to include the enrollment figures into the budget. Peter Dillon said they have agreed to include it in the budget going forward. Michael Wise said noticing on the website that seems to be under construction for district information and enrollment, tuition and choice and there is nothing there. Sharon said it was delayed in terms of being completed and if you could send it to her and she would distribute it. It was noted that the information comes to the Town Manager. The October 1 report doesn't come out until after October 1 – but we have it verified so it doesn't come out till November 15. Choice out – Michael Dillon said they wait to get a report from the state on that and get that out in mid-January. Sharon said not having things in an essential place causes many hours of looking for things on line. Regarding the enrollment figures, maybe you can discuss it with the other towns. If we had 5 year trends in district numbers, tuition in and choice in as well as summaries for lower, middle and high school it would be very helpful. The community has talked about consolidation and it is important to people to know the enrollment numbers and financials and this is a start to know how many students there are, what the costs are for the various parts. Re: enrollment, Michael said he would be interested in seeing 5 to 10 years of normal trends to test our concerns about demographic changes.

Michael said the district gets a fair amount of revenue that does not come from the three town state aid being one of them. One of the reasons Great Barrington's state aid looks low is we don't get state aid for our own school district. Some aid goes to the school district which would be attributable to us. There should be some way to make it clear to the voters that some of the school district's money from the state is attributable to Great Barrington.

Vivian Orlowski said she can see the gap between the need for information by the Finance Committee and certainly by the citizens and also the amount of time you all have and she was wondering if in the future having a college intern to assist. Sharon Gregory said she created a data base for Jane Iredale with the previous 10 or 20 years using an inter-linking spreadsheet and an intern could fill in the data each month and all updated calculations are done automatically. Mr. Dillon said he doesn't think it makes sense for the Finance Committee to identify the solution as much as it is for the FC to identify questions and leave it to the School District to respond to questions.

#4 Separation of operating expense and capital/debt expenses in a 5 to 10 year trend – When we get our municipal figures together we don't have the school budget easily available in the same format. It was noted that the School District includes that in the budget book every year. Stephen Bannon noted there is an overall presentation of the budget and then the effect of each town. Mr. Dillon stated that he doesn't fully understand what Sharon is asking of the School Committee to do. Is this from the whole committee or just from Sharon?

Peter Dillon said that he and Stephen Bannon should go and talk to the three district Select Boards to see if they are interested in the process of amending the Regional Agreement. We should lobby our elected officials at the state level to have our numbers earlier. Stephen said the Town Meeting happens before the state decides to release the figures.

The next meeting will be January 20, 2015 Tuesday.

The meeting adjourned at 8:40 p.m.

Respectfully submitted,



Carolyn Wichmann

Secretary