

Parkview School District

106 West Church Street – PO Box 250
Orfordville, WI 53576

**BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
TUESDAY JANUARY 15, 2013
PARKVIEW JR/SR HIGH SCHOOL – LITTLE THEATER**

MINUTES

Present: Clay Hammes, Terry Gerber, Troy Knudson

Others Present: Steve Lutzke, Ben Irwin, Lisa Erhardt, Vicki Neal

- 1.0 Meeting called for Order by Clay Hammes at 6:01 pm.
- 2.0 Business Office
 - 2.01 Mr. Irwin reviewed the current state of the 2013-14 financial budget for the Parkview School District, which is anticipated to have a shortfall of approximately \$700,000. The committee reviewed a document that presented four different scenarios for reducing the budget deficit for next year. These scenarios gave numbers for salary and benefits increases and freezes. Mr. Irwin stated that the initial budget deficit proposal included a 1.5% salary increase and an 8% increase in medical expenses. These scenarios compared outcomes if these numbers were reduced to zero.
 - 2.02 Mr. Lutzke and Mr. Irwin gave a summary of their meetings with a small group of teachers regarding supplemental pay. Mr. Lutzke concluded that while teachers were open to incorporating a pay for performance model, the meetings were restricted due to the current state of the budget for next year.
 - 2.03 Mr. Irwin gave a summary of the current retirement system at Parkview School District. Mr. Irwin stated that the current system has been a source of concern for auditors due to it being an unfunded liability. Also, Mr. Lutzke added with the current state of the district's finances that offer five years of coverage might not be something the district can afford in the future. The committee reviewed a document from Mr. Irwin that gave a scenario that would transition the district from an unfunded liability to a funded savings account for employees. The transition would include offering the current coverage to staff that have been with the district more than 25 years. The committee discussed different scenarios with this setup and decided that they would like to see more information and examples before decisions were made. However, emphasis was placed on trying to come to a decision within the next few months to give staff adequate time to evaluate their options.
- 3.0 Mr. Lutzke reviewed a PowerPoint presentation he received recently that reviewed the upcoming changes to health insurance that would impact Parkview School District. Main areas covered were the "No Coverage" penalty and "Affordable Coverage" penalty. Mr. Lutzke emphasized that changes might need to be made to avoid these penalties in the future. These changes would not take effect until the plan start date in 2014, which is 09/01/2014.

- 3.01 Mr. Irwin provided a document to the committee members that gave the cost breakdown to the district for alternative benefits for health insurance and dental. The total cost to the district for these benefits is currently at \$140,000. The committee discussed the negatives of removing this benefit for staff that receive it. However, with the current state of the budget for next year, it was determined that the committee would recommend to the board that this benefit be suspended to help decrease the budget deficit.
- 3.02 Mr. Irwin provided a breakdown of cost estimates for health insurance for 2013-14. Mr. Irwin stated that the current budget deficit projection of about \$700,000 accounted for an 8% increase in health insurance costs for next year. The document provided to the committee compared the cost savings of higher premiums, different plans and high deductibles. The committee decided to present this information to the board for more feedback.
- 4.0 Mr. Lutzke gave a summary of the current proposal for the 1:1 computer initiative for the Parkview School District. Mr. Lutzke made a point that the cost of this initiative is hard to consider with the budget deficit the district is facing, but that the investment could provide a boost for student learning and also retain and attract students to the district.
- 5.0 Adjournment – The meeting was adjourned at 7:58 pm.