

SMMUSD Financial Oversight Committee Minutes

Date: Wednesday, April 18, 2018

Time: 7:00 pm to 9:00 pm

Location: Testing Room, SMMUSD Admin Offices

1651 16th Street, Santa Monica, CA 90404

I. Call to Order

7:10 pm

Committee Members: Alex Farivar
Michael Kremer
Marc Levis-Fitzgerald
Shelly Slauch Nahass

Joan Krenik
Shawn Landres arrived @ 7:20 p.m.
Debbie Mulvaney

Staff: Melody Canady
Kim Nguyen

Gerardo Cruz

Absent: Seth Jacobson
Gordon Lee
Craig Foster
Laurie Lieberman

Tom Larmore
Manel Sweetmore
Jon Kean
Patrick Schmelzer (SAMOHI)

Public: None

II. Approval of Minutes

7:10 pm

A motion was made by Ms. Krenik and seconded by Ms. Slaugh Nahass to approve the March 8, 2018 meeting minutes.

AYES: Six (6) (Mr. Farivar, Mr. Kremer, Ms. Krenik, Mr. Levis-Fitzgerald, Ms. Mulvaney, Ms. Slauch Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Five (5) (Mr. Jacobson, Mr. Landres, Mr. Larmore, Mr. Lee, Mr. Sweetmore)

ABSTAIN: None (0)

III. Staff Report: Assistant Superintendent, Business and Fiscal Services Melody Canady

A. Budget Update

7:11 pm

Ms. Canady provided the committee an update of the 2nd interim report as presented at the March 15, 2018 Board Meeting. Mr. Landres indicated that the City of SM is projecting a decrease of \$2M this year in sales tax revenue ...flattening of retail sales.

The 2nd Interim report and presentation may be found at:

2nd Interim Report: <http://www.smmusd.org/fiscal/BudgetDocs/2ndInterimReport1718.pdf>

2nd Interim Presentation: <http://www.smmusd.org/fiscal/BudgetDocs/2ndInterimPresentation1718.pdf>

IV. Discussion/Action Items

8:33 pm

A. 2018-19 Meetings in Malibu - Tabled to May 10, 2018 FOC meeting

8:33 pm

B. Nominating Subcommittee Report and Possible Action

Ms. Slaugh Nahass reported that the incumbents with terms ending June 30, 2018 were interested in continuing their service on the committee.

A motion was made by Ms. Slaugh Nahass and seconded by Mr. Levis-Fitzgerald to recommend Mr. Farivar, Mr. Lee, and Mr. Sweetmore to the Board for consideration of appointment to the FOC. Upon approval, the FOC membership will be as follows:

| Term Ends 6/30/19 | Term 6/30/20 | Term Ends 6/30/21 |
|-----------------------|----------------------|-------------------|
| Seth Jacobson | Michael Kremer | Alex Farivar |
| Joan Krenik | Shawn Landres | Gordon Lee |
| Tom Larmore | Debbie Mulvaney | Manel Sweetmore |
| Marc Levis-Fitzgerald | Shelly Slaugh Nahass | |

AYES: Seven (7) (Mr. Farivar, Mr. Kremer, Ms. Krenik, Mr. Landres, Mr. Levis-Fitzgerald, Ms. Mulvaney, Ms. Slaugh Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Four (4) (Mr. Jacobson, Mr. Larmore, Mr. Lee, Mr. Sweetmore)

ABSTAIN: None (0)

V. Ad Hoc Subcommittee Update

8:35 pm

A. Sustainability: *Mr. Jacobson (Chair), Mr. Levis-Fitzgerald, Ms. Slaugh Nahass*

Ms. Slaugh Nahass reported that Mr. Jacobson was appointed to the District sustainability committee that will be meeting weekly.

8:37 pm

B. District Budget: *Ms. Krenik (Chair), Mr. Farivar, Mr. Lee, Mr. Sweetmore*

Ms. Krenik reported that at the last FOC meeting, the subcommittee was given additional charges related to district budget by the Superintendent. The subcommittee identified a series of data points, couple districts to look at education data and other sources. There are about six (6) high schools that the subcommittee will take an in-depth analysis of their structure, elective offerings, summer schools, PE, and compare to SAMOHI. The subcommittee received access to Forecast5 Analytics and will present more at the next meeting.

8:42 pm

C. Health Benefits:

Mr. Kremer reported that the subcommittee met with the Board President. This health benefits charge is put on hold until the Board gives further direction. The subcommittee provided a summary of certificated staff although classified staff health benefits coverage is similar. The committee suggested health benefits offerings to be set up that in lieu of tying to a specific plan; but rather, the District offer a fixed dollar amount or lowest cost.

The health benefits subcommittee handout may be found at the end of these minutes.

8:54 pm

D. Bond Oversight: *Mr. Lee (Chair), Ms. Mulvaney*

There was no report.

VI. Receive and File (Limited Discussion)

VII. Public / Committee Comments

VIII. Next Meeting: Thursday, May 10, 2018

IX. Adjournment: The meeting adjourned at 8:54 p.m.

FOC Health Benefits Subcommittee

- Board Direction
 - Provide an in-depth financial analysis of the District's health benefits offerings, evaluate comparable district benefit levels and strategies for cost savings, and identify potential cost savings
 - Report findings and/or recommendations to the Board in a joint meeting/study session in July 2018

Summary of Certificated Health & Welfare Benefits

- From SMM CTA Agreement effective 6/1/2015 – 6/30/2018
 - Any increase in the District's contribution to health and welfare benefits is recognized as part of the District's total compensation increase provided to members
- Health Insurance
 - District provides qualified members and their dependents with a choice of health insurance plans for the current school year selected from the plans available from the PERS health benefits program
 - Members teaching 80% or more of the academic year receive 12 months of medical/dental benefits. When this conflicts with PERS regulations, the District pays the cost of COBRA coverage during the months following the academic year
 - Any combination of selected medical and dental premiums which result in a cost greater than the maximum allowable District supplement requires payroll deductions of the affected member for the excess costs
 - The District provides an alternate HMO Plan for members eligible for benefits but failing to qualify for CalPERS
- Dental Insurance
 - District provides 12-month full cost coverage of Delta Dental or PMI for qualified, full-time 10-month active employees and their dependents
 - Full-time active employees working less than 10 months receive a pro-rata share
- Vision Insurance -- Plans available at unit member's expense

District's Annual Contributions for Full-Time Certificated

| Member's Coverage | Hired Before 7/1/2014 | Hired After 7/1/2014 |
|--|--|---|
| Single Coverage | <ul style="list-style-type: none">• <u>Medical</u>: equal to the Blue Shield HMO, Kaiser or PERSChoice 1-party premium⁽¹⁾• <u>Dental</u>: equal to cost of 1-party Delta Dental or Private Medical Care Inc. (PMI) | <ul style="list-style-type: none">• <u>Medical</u>: equal to 95% of the lowest HMO premium⁽²⁾• <u>Dental</u>: equal to cost of one or multi-party Delta Dental or PMI |
| Multi-Party Coverage | <ul style="list-style-type: none">• <u>Medical</u>: equal to the Blue Shield HMO or Kaiser premium multi-party premium⁽³⁾• <u>Dental</u>: equal to cost of multi-party Delta Dental or PMI | |
| Cash-in-lieu of Coverage | <ul style="list-style-type: none">• <u>Medical</u>: \$1,200 paid annually in lieu of District contribution with proof of multi-party coverage. If one spouse/partner chooses any Blue Shield or Kaiser HMO plan, the other spouse/partner may choose the cash-in-lieu option• <u>Dental</u>: \$300 paid in lieu of District contribution with proof of multi-party coverage | |
| Members Are Married or Domestic Partners | <ul style="list-style-type: none">• <u>Medical</u>: equal to the Blue Shield HMO, Kaiser, PERSChoice or PERSCare premium multi-party premium (no premium difference paid by member)• <u>Dental</u>: equal to cost of multi-party Delta Dental or PMI | |

⁽¹⁾ Member pays premium difference between PERSCare and Kaiser

⁽²⁾ Member pays any premium difference in excess of the District's contribution

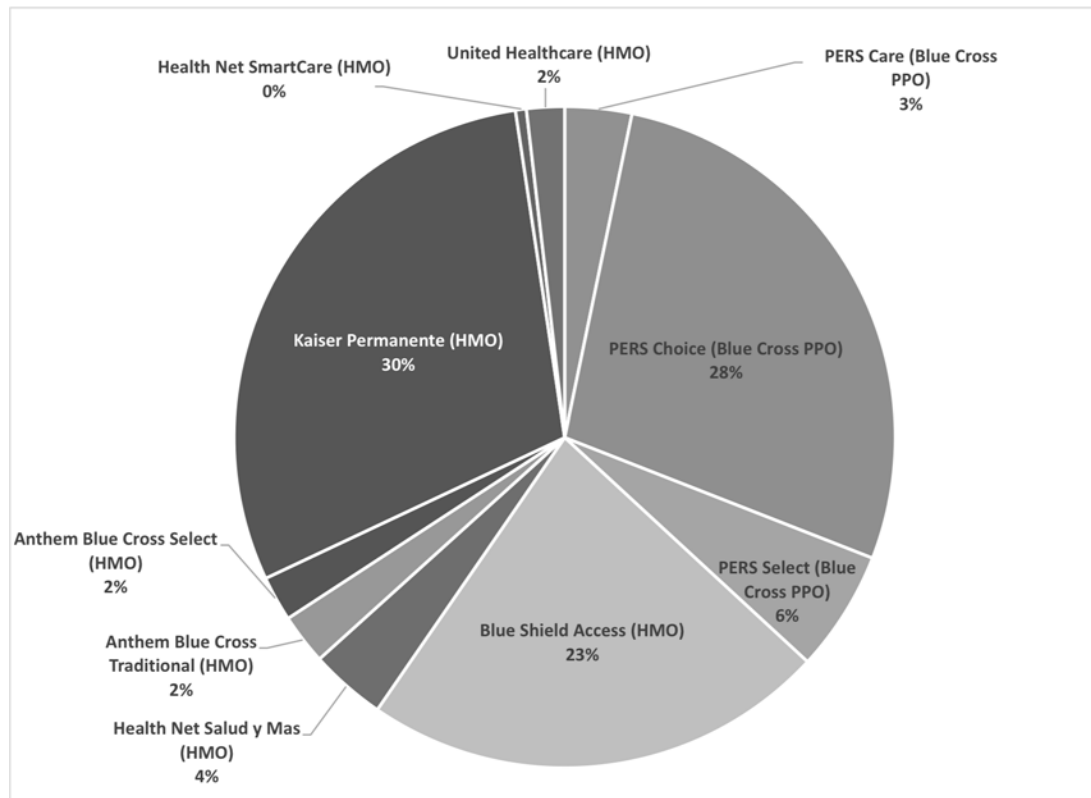
⁽³⁾ Member pays premium difference between multi-party PERSCare or multi-party PERSCheck and Kaiser

District's Annual Contributions for Other Certificated Members

| | |
|---|--|
| Adult Education Members Employed 20 Hours or More Per Week | <ul style="list-style-type: none"> • <u>Medical</u>: equal to the Blue Shield HMO or Kaiser 1-party premium • <u>Dental</u>: equal to cost of 1-party Delta Dental or PMI |
| Part-Time Unit Members (Teach less than full schedule) | <ul style="list-style-type: none"> • <u>40-49% Assignment</u>: 50% share of premium cost for HMO and Dental • <u>50-79 Assignment</u>: Pro rata share of full-time member's premium contribution and supplemental payments • <u>80% or Greater</u>: Same premium contribution and supplemental contributions as full-time members |
| Retirees Under Age 65 | <ul style="list-style-type: none"> • <u>Medical</u>: equal to the Blue Shield HMO or Kaiser 1-party premium⁽⁴⁾ • <u>Dental</u>: equal to cost of 1-party Delta Dental or PMI • Requirements <ul style="list-style-type: none"> ▪ Member retires at age 55 or thereafter after providing at least 10 FTE years of service to the District ▪ Benefits continue until the 65th birthday. No benefits provided to the retiree's estate or surviving dependents ▪ Retired from the District and participant in STRS |
| Retirees Over Age 65 | <ul style="list-style-type: none"> • If retiree remains enrolled in a PERS health benefits program, the District shall provide a monthly supplement payable to PERS on behalf of the retiree. This amount shall reflect the Minimum Employer Contribution as per Section 22892 of the Public Employees' Medical and Hospital Care Act. The monthly payment was \$133 in FY 2018. |

FY 2018 Health Insurance Plans Selected by District Staff ⁽¹⁾

- 78% of 1,131 insured employees were hired before July 1, 2014; 22% on or after July 1, 2014
- Policies selected by insured employees are 44% Single coverage, 21% 2-Party coverage, and 35% Family coverage
- 37% selected one of three PPOs; 63% selected one of seven HMOs



| Employee Coverage | Hired Before 7/1/14 | Hired On or After 7/1/14 | Total |
|-------------------|---------------------|--------------------------|------------|
| Single | 329 | 165 | 494 |
| 2-Party | 205 | 31 | 236 |
| Family | <u>349</u> | <u>52</u> | <u>401</u> |
| TOTAL | 883 | 248 | 1,131 |

| PPOs | Hired Before 7/1/14 | Hired On or After 7/1/14 | Total |
|---------|---------------------|--------------------------|------------|
| Single | 132 | 54 | 186 |
| 2-Party | 70 | 14 | 84 |
| Family | <u>131</u> | <u>16</u> | <u>147</u> |
| TOTAL | 333 | 84 | 417 |

| HMOs | Hired Before 7/1/14 | Hired On or After 7/1/14 | Total |
|---------|---------------------|--------------------------|------------|
| Single | 197 | 111 | 308 |
| 2-Party | 135 | 17 | 152 |
| Family | <u>218</u> | <u>36</u> | <u>254</u> |
| TOTAL | 550 | 164 | 714 |

(1) Figures include Board members. 225 employees declined District health insurance coverage, with 157 receiving cash-in-lieu of \$1,200/year.

FY 2018 Health Insurance Plans Selected by District Staff ⁽¹⁾

| Employee Coverage | Hired Before 7/1/14 | Hired On or After 7/1/14 | Total |
|-------------------------------------|---------------------|--------------------------|------------|
| PERS Care (Blue Cross PPO) | | | |
| Single | 5 | 10 | 15 |
| 2-Party | 9 | 2 | 11 |
| Family | <u>8</u> | <u>3</u> | <u>11</u> |
| TOTAL | 22 | 15 | 37 |
| PERS Choice (Blue Cross PPO) | | | |
| Single | 116 | 17 | 133 |
| 2-Party | 61 | 4 | 65 |
| Family | <u>111</u> | <u>4</u> | <u>115</u> |
| TOTAL | 288 | 25 | 313 |
| PERS Select (Blue Cross PPO) | | | |
| Single | 11 | 27 | 38 |
| 2-Party | 0 | 8 | 8 |
| Family | <u>12</u> | <u>9</u> | <u>21</u> |
| TOTAL | 23 | 44 | 67 |

| Employee Coverage | Hired Before 7/1/14 | Hired On or After 7/1/14 | Total |
|--|---------------------|--------------------------|------------|
| Blue Shield Access (HMO) | | | |
| Single | 68 | 11 | 79 |
| 2-Party | 60 | 0 | 60 |
| Family | <u>115</u> | <u>3</u> | <u>118</u> |
| TOTAL | 243 | 14 | 257 |
| Health Net Salud y Mas (HMO) | | | |
| Single | 4 | 22 | 26 |
| 2-Party | 0 | 8 | 8 |
| Family | <u>1</u> | <u>7</u> | <u>8</u> |
| TOTAL | 5 | 37 | 42 |
| Anthem Blue Cross Traditional (HMO) | | | |
| Single | 16 | 1 | 17 |
| 2-Party | 10 | 0 | 10 |
| Family | <u>0</u> | <u>1</u> | <u>1</u> |
| TOTAL | 26 | 2 | 28 |

| Employee Coverage | Hired Before 7/1/14 | Hired On or After 7/1/14 | Total |
|---------------------------------------|---------------------|--------------------------|------------|
| Anthem Blue Cross Select (HMO) | | | |
| Single | 3 | 13 | 16 |
| 2-Party | 0 | 0 | 0 |
| Family | <u>4</u> | <u>5</u> | <u>9</u> |
| TOTAL | 7 | 18 | 25 |
| Kaiser Permanente (HMO) | | | |
| Single | 105 | 47 | 152 |
| 2-Party | 65 | 6 | 71 |
| Family | <u>98</u> | <u>14</u> | <u>112</u> |
| TOTAL | 268 | 67 | 335 |
| Health Net SmartCare (HMO) | | | |
| Single | 0 | 2 | 2 |
| 2-Party | 0 | 1 | 1 |
| Family | <u>0</u> | <u>3</u> | <u>3</u> |
| TOTAL | 0 | 6 | 6 |
| United Healthcare (HMO) | | | |
| Single | 1 | 15 | 16 |
| 2-Party | 0 | 2 | 2 |
| Family | <u>0</u> | <u>3</u> | <u>3</u> |
| TOTAL | 1 | 20 | 21 |

Monthly Costs for Employee Only Coverage -- Ranked by District's Cost



| | Health Net Salud y Más (HMO) | PERS Select (Blue Cross PPO) | Health Net SmartCare (HMO) | United Healthcare (HMO) | Blue Shield Access (HMO) | PERS Choice (Blue Cross PPO) | PERS Care (Blue Cross PPO) | Kaiser Permanente (HMO) | Anthem Blue Cross Select (HMO) | Anthem Blue Cross Traditional (HMO) |
|---|------------------------------------|------------------------------------|----------------------------------|-------------------------------|-----------------------------|------------------------------------|----------------------------------|-------------------------------|--------------------------------------|---|
| FULL-TIME CERTIFICATED & CLASSIFIED HIRED BEFORE JULY 2014 | | | | | | | | | | |
| Employee | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 37.24 | \$ - | \$ - | \$ - |
| District | \$ 485.18 | \$ 687.85 | \$ 692.58 | \$ 723.34 | \$ 735.95 | \$ 744.47 | \$ 771.24 | \$ 771.24 | \$ 792.20 | \$ 941.66 |
| | \$ 485.18 | \$ 687.85 | \$ 692.58 | \$ 723.34 | \$ 735.95 | \$ 744.47 | \$ 808.48 | \$ 771.24 | \$ 792.20 | \$ 941.66 |
| District's % | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 95.4% | 100.0% | 100.0% | 100.0% |
| FULL-TIME CERTIFICATED & CLASSIFIED HIRED AFTER JULY 2014 | | | | | | | | | | |
| Employee | \$ 24.26 | \$ 226.93 | \$ 231.66 | \$ 262.41 | \$ 275.02 | \$ 283.54 | \$ 347.55 | \$ 310.32 | \$ 331.28 | \$ 480.74 |
| District | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 | \$ 460.92 |
| | \$ 485.18 | \$ 687.85 | \$ 692.58 | \$ 723.33 | \$ 735.94 | \$ 744.46 | \$ 808.47 | \$ 771.24 | \$ 792.20 | \$ 941.66 |
| District's % | 95.0% | 67.0% | 66.6% | 63.7% | 62.6% | 61.9% | 57.0% | 59.8% | 58.2% | 48.9% |



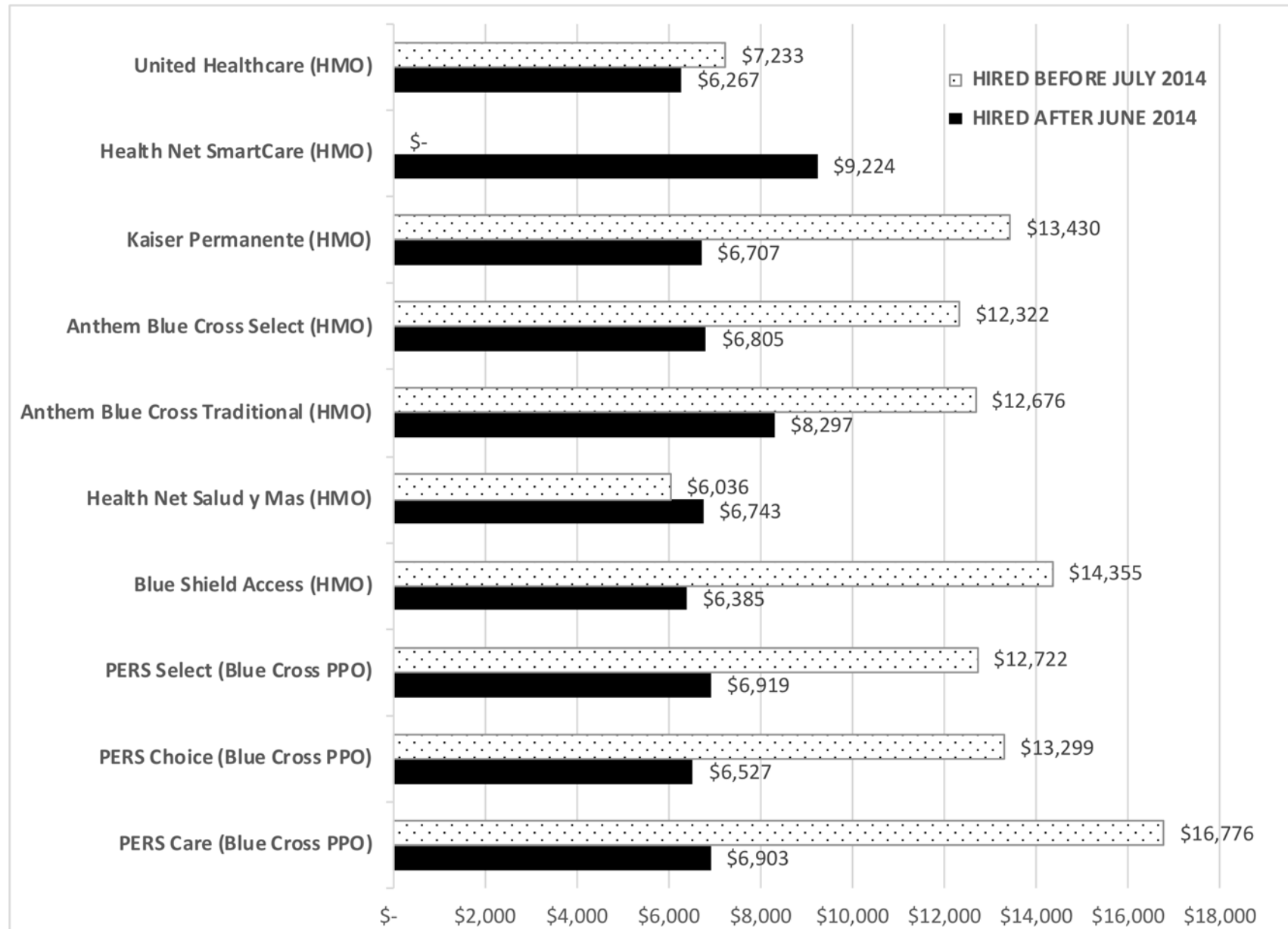
FY 2018 Health Insurance Plans -- Total Cost Comparison

| Health Plan | Hired Before 7/1/14 | | | Hired On or After 7/1/14 | | | Total | | |
|--|---------------------|---------------------|---------------------|--------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | Employee | District | Total | Employee | District | Total | Employee | District | Total |
| PERS Care (Blue Cross PPO) | \$14,155 | \$369,063 | \$383,218 | \$73,417 | \$103,548 | \$176,965 | \$87,573 | \$472,611 | \$560,184 |
| PERS Choice (Blue Cross PPO) | \$90,174 | \$3,830,192 | \$3,920,366 | \$100,376 | \$163,166 | \$263,542 | \$190,550 | \$3,993,358 | \$4,183,908 |
| PERS Select (Blue Cross PPO) | \$18,314 | \$292,596 | \$310,909 | \$153,269 | \$304,443 | \$457,712 | \$171,583 | \$597,038 | \$768,621 |
| Blue Shield Access (HMO) | \$95,821 | \$3,488,245 | \$3,584,066 | \$48,974 | \$89,384 | \$138,358 | \$144,795 | \$3,577,629 | \$3,722,425 |
| Health Net Salud y Mas (HMO) | \$1,844 | \$30,178 | \$32,022 | \$25,655 | \$249,491 | \$275,146 | \$27,499 | \$279,669 | \$307,168 |
| Anthem Blue Cross Traditional (HMO) | \$9,417 | \$329,582 | \$338,999 | \$17,307 | \$16,593 | \$33,900 | \$26,723 | \$346,175 | \$372,899 |
| Anthem Blue Cross Select (HMO) | \$15,151 | \$86,251 | \$101,402 | \$83,468 | \$122,498 | \$205,967 | \$98,619 | \$208,750 | \$307,369 |
| Kaiser Permanente (HMO) | \$178,781 | \$3,599,327 | \$3,778,108 | \$286,983 | \$449,358 | \$736,341 | \$465,764 | \$4,048,685 | \$4,514,449 |
| Health Net SmartCare (HMO) | \$0 | \$0 | \$0 | \$27,336 | \$55,341 | \$82,677 | \$27,336 | \$55,341 | \$82,677 |
| United Healthcare (HMO) | \$0 | \$7,233 | \$7,233 | \$68,511 | \$125,344 | \$193,855 | \$68,511 | \$132,577 | \$201,088 |
| TOTAL | \$423,657 | \$12,032,667 | \$12,456,325 | \$885,295 | \$1,679,168 | \$2,564,463 | \$1,308,952 | \$13,711,835 | \$15,020,787 |

FY 2018 Health Insurance Plans – Average Cost / Insured Employee

| Health Plan | Hired Before 7/1/14 | | | Hired On or After 7/1/14 | | | Total | | |
|--|---------------------|-----------------|-----------------|--------------------------|----------------|-----------------|----------------|-----------------|-----------------|
| | Employee | District | Total | Employee | District | Total | Employee | District | Total |
| PERS Care (Blue Cross PPO) | \$643 | \$16,766 | \$17,419 | \$4,894 | \$6,903 | \$11,798 | \$2,367 | \$12,773 | \$15,140 |
| PERS Choice (Blue Cross PPO) | \$313 | \$13,299 | \$13,612 | \$4,015 | \$6,527 | \$10,542 | \$609 | \$12,758 | \$13,367 |
| PERS Select (Blue Cross PPO) | \$796 | \$12,722 | \$13,518 | \$3,483 | \$6,919 | \$10,403 | \$2,561 | \$8,911 | \$11,472 |
| Blue Shield Access (HMO) | \$394 | \$14,355 | \$14,749 | \$3,498 | \$6,385 | \$9,883 | \$563 | \$13,921 | \$14,484 |
| Health Net Salud y Mas (HMO) | \$369 | \$6,036 | \$6,404 | \$693 | \$6,743 | \$7,436 | \$655 | \$6,659 | \$7,314 |
| Anthem Blue Cross Traditional (HMO) | \$362 | \$12,676 | \$13,038 | \$8,653 | \$8,297 | \$16,950 | \$954 | \$12,363 | \$13,318 |
| Anthem Blue Cross Select (HMO) | \$2,164 | \$12,322 | \$14,486 | \$4,637 | \$6,805 | \$11,443 | \$3,945 | \$8,350 | \$12,295 |
| Kaiser Permanente (HMO) | \$667 | \$13,430 | \$14,097 | \$4,283 | \$6,707 | \$10,990 | \$1,390 | \$12,086 | \$13,476 |
| Health Net SmartCare (HMO) | \$0 | \$0 | \$0 | \$4,556 | \$9,224 | \$13,780 | \$4,556 | \$9,224 | \$13,780 |
| United Healthcare (HMO) | \$0 | \$7,233 | \$7,233 | \$3,426 | \$6,267 | \$9,693 | \$3,262 | \$6,313 | \$9,576 |
| TOTAL | \$480 | \$13,627 | \$14,107 | \$3,570 | \$6,771 | \$10,341 | \$1,157 | \$12,124 | \$13,281 |

District's Average Cost of Insured Employee Based on Date Hired



Insured Employee's Average Cost Based on Date Hired

