



# Potomac Elementary School

## School Board Minutes

for  
April 29, 2016

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*“Potomac School equips each student for his/her future  
within a culture of excellence that values the small community experience.”*

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### Special Board Meeting

#### Call to Order

Board Chair Cliff Vann called the meeting to order at 2:00 pm. Those trustees present were: Gary Long, Craig Nelson, and Kelsy Ployhar. Jill Thornton, clerk, was in attendance as well as Abby Stitt and Nancy Linnell as representatives of the Potomac Education Association.

**Public Input** (for issues not on the agenda) None

#### PEA Negotiation on Early Retirement

Abby presented language to use as an agreement for the 2015-2016 school year only, not language to be put in the 2015-2017 contract. That language is:

*The Early Retirement Incentive is mutually agreed to by the parties; however, it is not a part of the Collective Bargaining Agreement (CBA).*

*For the 2015-16 school year only, certified teachers who have been employed by the District for a period of at least 20 years are eligible for this package.*

*Insurance premiums (in the amount equal to what a teacher receives) to be paid by the District for a period of 41 months. After those 41 months, the retiree may continue in the insurance program at the retiree's expense.*

*The incentive will be ratified by the Board of Trustees at an open meeting on May 9, 2016 and must be ratified by the PEA. Once ratified by the parties the offer is considered to be in effect. The Board shall notify all teachers who qualify for the incentive and the teachers shall have 10 calendar days to determine whether or not they wish to participate in the incentive program.*

*Any teacher wishing to participate shall notify the Board Clerk in writing within the time period provided.*

*The parties understand this is a one-time offer and may not be offered in future years.*

Cliff opened questions by asking Abby to explain. Abby stated that the PEA felt any teacher that had given two decades of their time to teaching at Potomac School should be considered for an additional benefit.

Cliff asked where the 41 months in the language comes from. Abby said the 41 months brings Nancy to the point where she will be eligible for Medicare.

Cliff thanked Abby, and then stated that he felt this meeting was to have the request brought forward, understand it fully, and then ask how this is good for the District. Nancy said early retirement is good for the District by freeing up funds from higher paid teachers for newer teachers coming in. Cliff said the Board has been appreciative of their experienced teachers and did not see an advantage to the District to lose that experience.

Cliff did some calculations and asked how this request affects the District. Jill stated that in addition to the cost the District would pay to the retiree, the District would start carrying an actuarial liability for future staff retirements offered the same benefit. It was requested Jill explain that statement.

Jill said that new GASB rulings now require the school to carry a liability on their books for any past early retirement packages, as well as Teachers Retirement System (TRS) and Public Employees Retirement System (PERS) costs. Each year, an actuarial must be run on all current staff to determine the schools liability for any offerings post retirement. The cost of running the actuarial is between \$1500 and \$2000 annually. We do not currently have to run this calculation so do not incur the added annual cost or the added liability. TRS and PERS run their calculations for the school as a service, so there is no annual charge for their calculations either, but we do now have that liability. All liabilities are then added to the annual Trustees Financial Statements. Though this is a way many schools have offered early retirement in the past, their liabilities as well as the annual cost of the actuarial has now become an issue. Due to this, other options might be better than continuing the school portion of Health Insurance payments.

Jill then questioned the 41 months as she did some research for Nancy’s situation to find all the options for her. Her research showed that once an employee is disabled, they can start receiving Medicare Benefits 24 months after the employee starts receiving Social Security Disability (SSD), which in this case will start in June 2016. Per contract, the schools health care package is continued and the schools portion of health insurance payment is continued through August of the year an employee works. At that time, an employee has the option of continuing coverage at their cost through COBRA for 18 months. If the COBRA was due to being disabled, as this would be, they can continue on COBRA for an additional 6 months. That totals 24 months. With SSD starting in June 2016, the 24 months to the point where Nancy can start Medicare Benefits brings it to the end of May 2018. That will leave 21 months needed for COBRA before Medicare can start (Sept 2016 through May 2018).

Cliff and Gary also wondered how this could affect the school if any other teachers take the benefit. In our situation, with one other teacher falling under the restrictions in the language, it would double whatever is offered.

Cliff feels the board should adjourn to have time for considering this as individuals, and put it on the May 9<sup>th</sup> agenda for further discussion. He will contact Debra Silk from MTSBA for further information to bring to the board.

**Adjourn**

Chair Vann adjourned the Board meeting at 2:50 pm.

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Cliff Vann, Chair

date

Jill M Thornton, Clerk

date