

**Montgomery County Board of Education  
Fiscal Management Committee Meeting**

**April 12, 2011**

A meeting of the Montgomery County Board of Education Fiscal Management Committee was held at the Carver Educational Services Center in room 120 on Tuesday, April 12, 2011. In attendance were:

Members: Mr. Philip Kauffman, Chair  
Mr. Christopher Barclay, Member  
Mr. Michael Durso, Member

Staff: Mr. Larry A. Bowers, Chief Operating Officer  
Mrs. Susanne DeGraba, Chief Financial Officer  
Mr. Roger Pisha, Supervisor, Internal Audit Unit  
Mr. Robert Doody, Controller, Division of the Controller  
Mr. Rick Johnstone, Director, Benefits Strategy and Vendor Relations  
Ms. Margaret Jones, Retirement Specialist  
Mr. Ikhida Roland Ikheloa, Chief of Staff, Board of Education Office  
Ms. Shafeena Yunus, Senior Specialist Insurance and Retirement, Financial Services  
Mr. Stan Damas, Director, Department of Association Relations  
Ms. Jessica Arnold, Communications Specialist, Financial Services  
Ms. Gina Ripoli, Data Integration Specialist, Financial Services  
Mr. John Kevin, Investment Officer, Financial Services

Guests: Mr. Douglas Rowe, Mercer Human Resource Counseling  
Mr. Colin Bracis, Mercer Human Resource Counseling

The meeting was called to order by Mr. Philip Kauffman at 11:01 a.m.

**Approval of February 17, 2011 Meeting Minutes**

The meeting minutes of February 17, 2011, were approved as submitted. (Mr. Barclay was not in attendance for approval.)

**Retiree Health Benefits**

Due to the budget outlook, MCPS staff has been meeting with representatives of the employee unions and the MCPS Retirees' Association to discuss changes to the retirees' health benefits plan and as a result of the recent action taken by the general assembly has brought their recommended changes to the committee.

Currently, retirees who have five or more years of service receive retiree health benefits with an employer cost share of 64 percent. Comparatively, MCPS retirees pay more than almost all other retirees in the county and all retirees are required to enroll in Medicare Part B when

eligible and then MCPS coverage becomes supplemental to Medicare. Some other agencies do not require you to enroll in Medicare when you reach age 65. The recommended changes would consist of a tiered cost sharing plan for years of service to be in effect for all new hires as of July 1, 2011. This is consistent with what other Maryland jurisdictions provide.

Employees who are over age 55 and hired since July 1, 2006, will be grandfathered at the current employer/retiree cost-share level. Approximately 1,500 current employees hired since July 1, 2006, and who will be between the ages of 42 and 54 as of July 1, 2011, would be impacted by these changes, and MCPS staff is working on a targeted communication over the next year.

MCPS has some cost containments in place such as generics and mail-order prescriptions which might contribute to a higher savings than Medicare Part D which does not have these cost containments. MCPS staff will give the committee an update on the prescription plan changes, and an analysis on savings for mail-order and generic prescriptions.

The full board will vote on the changes at the April 28, 2011, Board meeting.

MCPS staff started a preliminary conversation with the fiscal management committee regarding changes planned to the Maryland State Teachers' Pension Plan. In 2006 Maryland made improvements to its pension plan retroactive to 1998, without funding the improvements. These new changes will take the state back a step and at some point will hurt many school systems in Maryland.

The local plan consists of bus drivers, building service staff, maintenance staff, and food services staff. The State Teachers plan consists of teachers, principals, school secretaries, some central office employees, Para educators, and bus attendants.

Staff will provide background information and recommendations to the Fiscal Management Committee prior to the full Board for vote.

Mr. Durso commended the retirement team for their hard work and commitment.

#### **Summary of Actions and Follow-ups**

- 1) Bring recommended changes to the MCPS Employees' Pension Plan to the committee in May.

The meeting adjourned at 11:58 a.m.

Recorder: Becky Gibson