

KETCHIKAN GATEWAY BOROUGH

Assembly/School Board Liaison Committee Meeting

November 29, 2022

Assembly Chambers

Call to Order

The meeting was called to order by Member Bynum at 12:00 p.m. Present at the meeting were:

School District

Nicole Anderson, Regular Member
Paul Robbins, Jr, Regular Member
Stephen Bradford, Alternate Member
Michael Robbins, Superintendent
Melissa Johnson, Assistant Superintendent
Katie Parrott, Business Manager
David Means, Interim Business Manager
Crystal Vail, School Board Clerk

Ketchikan Gateway Borough

Jeremy Bynum, Regular Member
Austin Otos, Regular Member
Ruben Duran, Borough Manager
Cynna Gubatayao, Assistant Manager
Charlanne Thomas, Finance Director
Glenn Brown, Borough Attorney
Kacie Paxton, Borough Clerk

Members not in attendance: Grant EchoHawk, Borough Alternate Member

Appearing telephonically:

Jennifer Lind, Client Management, Meritain Health
Matt Lewis, Account Executive, USI Insurance Services

Citizen Comments

There were no citizen comments.

Appointment of Officers

M/S OTOS/ROBBINS to appoint Member Bynum to serve as chair for Borough-hosted meetings

Upon roll call the vote on the MOTION was:

YES: ANDERSON, ROBBINS, OTOS, BYNUM

MOTION DECLARED CARRIED

M/S ANDERSON/BYNUM to appoint Member Robbins as chair for District-hosted meetings

Upon roll call the vote on the MOTION was:

YES: BYNUM, OTOS, ROBBINS, ANDERSON

MOTION DECLARED CARRIED

Unfinished Business

There was no unfinished business.

New Business

School District Health Insurance Fund Deficit

Assistant Manager Gubatayao referred to materials provided in the meeting packet. She commented that an audit would be appropriate if District staff were concerned about the accuracy of the deficit. She offered to make a presentation on the Self-Insurance Fund to the School Board if invited.

Superintendent Robbins acknowledged the debt accumulated over four years.

Business Manager Parrott reported a discrepancy in reported claim amounts was responsible for the District's contributions compared to actual costs. She noted the District needed time before changes were implemented and referred to District enrollment being down. She suggested changes be made to policies and Borough Code.

Jennifer Lind, Meritain Health, appearing telephonically, responded to member questions. She explained the Borough reports were cash-based and there were discrepancies between cash-based and accrual-based reporting with stop loss reimbursements. She noted Meritain was working to pull information for the District by December 2.

Chair Bynum inquired how reporting discrepancies since 2018 went unrecognized by staff. Business Manager Parrott said the issue has been resolved with the monthly reports provided by the Borough to the District.

Member Anderson requested a report of outstanding stop loss claims. Ms. Lind said there were no outstanding claims and the stop loss reimbursements were current.

Chair Bynum stated there were two major issues that needed to be addressed by the District: 1) the deficit, and 2) ongoing cost of claims. He explained the cost of the deficit was being borne by the Borough.

Member Robbins asserted the pressing issue was the Borough decision to transfer the responsibility to the District, and the District's inability to accept the change in January. He suggested the bodies were foregoing the method identified in the 1999 agreement and that the time allowed was not appropriate. He noted the deficit had been ongoing for more than a decade. He added that if the costs were shifted to the District, the District would likely need to look at significant cuts.

Member Anderson suggested the 1999 agreement be adjusted and stated January was not a reasonable timeframe for the District to make the procedural changes. She inquired about District claims and the ability to pay as they occur. Business Manager Parrot responded the change would require a substantial change in the business office to the payroll and accounting process. She explained the current process for employee contributions was payroll-based with most staff on payroll for the school year. She reported spikes in claims occurred during non-contract times in June, July, August, and December. She added that the District targeted 104 percent of expected claims in its premiums and with a reduction in State funding, the District anticipated a cash flow issue. She requested time to evaluate and make changes in the budget for the following fiscal year.

Member Bradford reported that claims had been less than expected prior to June 2022, but had since taken a turn such that actual claims exceeded expectations. He commented the District was not opposed to taking over the payments, but could not do it by January, noting a need to fill a position in the business office. He suggested changes be made to the District's reserve levels, as Borough Code restricted reserves to five percent. He supported revising the 1999 agreement, having a complete audit, and making changes for the next fiscal year.

Chair Bynum said the District was not covering the actual cost and he had no objection to keeping status quo as far as how the bills were paid as long as the District paid actual costs. He noted the premiums were not being covered by the District.

In response to Chair Bynum, Business Manager Parrott explained the District needed to consider a budget revision and verify the premiums matched the projected claim amount. Member Robbins stated the premiums were not enough to cover the costs based on the status of the deficit.

Member Otos asked if the District had enough in the deficit to pay the current \$100,000 per month deficit and whether the District could pay the full amount each month at the current method while the process was reviewed. Business Manager Parrott reiterated the District needed more time to evaluate and set up resources to incorporate all of the needs, including the reduction in enrollment which affected basic need and State funding.

Business Manager Parrott stated the Board was scheduled to consider a budget amendment in December, and summarized the District request was to not have the business policy change occur this fiscal year. Member Robbins said addressing the deficit was realistic for the District by January, but a change to the business structure was more realistic at the new fiscal year. He clarified the District could send more funds each month starting in January.

Member Bradford said the Board would discuss covering the costs at its next meeting.

Superintendent Robbins reiterated it would take time for the District to review the various reports to develop a plan for paying the deficit.

Chair Bynum summarized there seemed to be commitment from Board Members and District staff to address the deficit and plan going forward. He encouraged staff to work together towards a solution.

The next committee meeting was scheduled for December 20, 2022, at noon, hosted by the District.

Clerk's note: Based on the committee discussion, topics scheduled for the December 20 agenda will include:

- *District plan for paying the current deficit and monthly claims in the health insurance fund.*
- *Potential amendments to the 1999 agreement between the Borough and District.*
- *Timeline for implementing a plan to change the business method for payment of monthly claims.*

Staff Reports and Communications

There were no reports given.

Committee Member Comments

Member Otos commended the work of the Committee and looked forward to working together.

Member Robbins echoed Member Otos' comments.

Member Anderson appreciated the Liaison forum to work for the best interests of the students and the community. She said the District needed to pay its debt and needed time to work through the process so that it is not detrimental to students.

Chair Bynum acknowledged the complexity of the problem and future discussions about modifying the agreement and process going forward.

Adjourn

The meeting adjourned at 1:23 p.m.