

Ludington Board of Education
Public Meeting Notice

Please Post

Mission: The Ludington Area School District, in partnership with parents and community, will educate and empower students to adapt and succeed in their future.

Finance Committee Meeting

Date: December 05, 2019

Time: 5:30 p.m.

Place: Ludington Area School District Administration Office
809 East Tinkham Avenue, Ludington, Michigan

- 1) CALL TO ORDER & ROLL CALL
 Josh Snyder Steve Carlson Scott Foster
- 2) CITIZEN PARTICIPATION
- 3) AGENDA MODIFICATION
- 4) DISCUSSION ITEMS
 - a) Non-affiliated Administrator/CBO Health Insurance Premiums
 - b) Bond First Series Budget Update
 - c) Fair Labor Standards Act (FLSA) Update
 - d) Updates from Other Committees
- 5) OTHER ITEMS OF BUSINESS & ANNOUNCEMENTS
- 6) ADJOURNMENT

This is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public community meeting. Official minutes of the Ludington Board of Education are available for public inspection during normal business hours at the Board of Education's Central Business Office, 809 E. Tinkham Avenue, Ludington, Michigan, 231-845-7303. The Ludington Area School District is an equal opportunity employer and provider. If you are an individual with a disability who is in need of special accommodations to attend or participate in a public meeting please contact Superintendent Jason J. Kennedy at 231-845-7303 at least 24 hours prior to the meeting or as soon as possible.

Memorandum - Office of the Superintendent

TO: Board of Education
FROM: Jason Kennedy, Superintendent
RE: Finance Committee Meeting ~ Agenda Notes

Non-affiliated Administrator/CBO Health Insurance Premiums

SET SEG recently provided rates to the District to provide health insurance to non-affiliated administrators and non-affiliated staff members that work in the Central Business Office with an alternative insurance plan. Effective January 1, 2020, by comparison, the near identical MESSA Blue Cross Blue Shield plan would cost these employees who receive full family benefits \$255 per pay out of their pockets in addition to the hard cap amount covered by the District. This amount increased from \$224 per pay for full family coverage during the 2019 calendar year. The Simply Blue plan through Blue Cross Blue Shield for full family coverage with the same \$2,800 deductible with a fully funded Health Savings Account (HSA) will cost these employees \$99 per pay out of their pockets in addition to the hard cap amount covered by the District, effective January 1, 2020. This is an annual savings of \$3,255 over what the employee paid for full family coverage for the similar MESSA plan during the 2019 calendar year, and is \$4,056 in annual savings over what the employee would pay under the similar MESSA plan during the 2020 calendar year. The administrative team has requested to switch health insurance plans during the 2020 calendar year, effective January 1, 2020. This does not have a financial impact on the District, as the District continues to cover the hard cap amount for employees.

Bond First Series Budget Update

We will review the first round of budgeting with the committee regarding the first series of bond proceeds that will be used during the construction of the elementary school complex. While there are many decisions that need to be made yet, we will provide a preliminary review of the budget for the project with the committee.

Fair Labor Standards Act (FLSA) - Source: Thrun Law Firm, P.C.

The U.S. Department of Labor (DOL) recently issued a final rule amending the Fair Labor Standards Act (FLSA) regulations. The amended regulations, effective January 1, 2020, increase the salary amount an employee must earn to meet the administrative, executive, and professional exemptions from the FLSA's minimum wage and overtime pay requirements. This is known as the "salary level test."

The FLSA generally requires employers to compensate all employees at least at the federal minimum wage of \$7.25 per hour worked, and at a rate of time-and-a-half for each hour the employee works in excess of 40 hours per week. Michigan's minimum wage is currently \$9.45 per hour and will increase to \$9.65 per hour on January 1, 2020.

The FLSA provides "exemptions" from the federal minimum wage and overtime pay requirements for employees who perform certain duties (the administrative, executive, and professional exemptions). To be exempt, these employees currently must receive annual compensation on a

salary basis above \$23,660. The salary level test will increase to \$35,568 annually on January 1, 2020. Because of this significant increase, LASD has five (5) employees who currently are treated as exempt that will no longer meet the increased threshold. We will discuss the District's plan to address the increased salary level test.

Updates from Other Committees

We will review updates from each of the other committees in preparation for the Board meeting on December 09, 2019.