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**Lincoln Public Schools
Lincoln, Massachusetts**

THE LINCOLN SCHOOL COMMITTEE
INITIAL COLLINS CENTER WORKING GROUP MEETING OF
Thursday, July 25, 2024
6:00pm

**Hartwell Building
Multipurpose Room
6 Ballfield Road, Lincoln, MA**

Meeting Minutes

- 15 1. Matina Madrick called to order at 6:02 p.m. Present: Kim Rajdev (School Committee),
16 Matina Madrick (School Committee), Paul Blanchfield (Finance Committee), David
17 Cuetos (Lincoln Town Citizen), Mary Ellen Normen (Administrator for Business and
18 Finance), Colleen Wilkins (Finance Director), Jim Hutchinson (Select Board)
19
- 20 2. Update on Indirect Cost Methodology process review
21 a. Colleen Wilkins provided an overview of the Town Administration Indirect Cost
22 Methodology “current” and “recommended” practice.
23 b. A “percent of budget” draft methodology was prepared by Colleen Wilkins and
24 discussed as a recommended practice.
25 c. David Cuetos suggested edits to the methodology around allocating the “Grand
26 Total Town Admin” line item. Mr. Cuetos also suggested the potential to
27 allocate a portion of the fringe benefits of employees who work on the Hanscom
28 contract. Discussion was held on the difficulty to calculate/implement this as
29 not all employees take these benefits and it would change from year to year.
30 d. Mary Ellen Normen clarified that the FY24 and FY25 amounts don’t include the
31 additional reserve transfers approved by School Committee. Ideally have
32 amounts follow total budgeted amount, not contract amount.
33 e. Kim Rajdev questioned whether a proposed change in methodology requires
34 both Selects and School Committee members to approve. There was discussion
35 around whether the School Committee has the authority to transfer funds from
36 the reserve.
37 f. Jim Hutchinson discussed how he would like a handle on what the other
38 liabilities are for pension, OPEB, etc., before considering any recommendation
39 about what to do looking backwards.
40 g. There was discussion about how the charge of the working group is to
41 recommend the best practice going forward.
42 h. The group discussed whether other potential methodologies apart from the
43 “percent of budget” were appropriate. Most would be cumbersome such as time
44 spent by individual employees. It was noted that % of budget is a widely used
45 method across districts, and tends to be quite accurate.
46
- 47 3. Update on Employer Retirement (Pension) Contributions current and future practice
48 a. Colleen Wilkins provided an overview of the current practice for pension
49 contributions to MCRS. It was confirmed that the Town Finance Department
50 historically provided monthly salary / wage detail to MCRS at the individual
51 level, however this detail was not identified by individual location / agency (i.e.,
52 whether they were Hanscom / Lincoln School / other town employees).

- 1 b. The recommended practice was also discussed. As of 2023 (FY24) the town
2 asked the Middlesex County actuary (Segal Group) to determine the pension
3 liability for the Town, Lincoln School, and Hanscom separately. Employee
4 census information, including salary and wages, was used to determine the
5 pension liability for the three agencies. The actuarial valuation will be
6 performed every other year. The Actuarially Determined Contribution from the
7 report should be used to report information on the School End of Year Report for
8 Lincoln School, and should be used to invoice the Hanscom Contract, payment
9 made in July of each fiscal year.
- 10 c. There was a discussion of whether the Segal report can go backwards. This was
11 brought up on a prior call with Segal and said they could not go back for all prior
12 years. There was also discussion of whether a high-end calculation could be
13 done by town admin to estimate the difference between a “likely” ADC based on
14 Segal’s current percentages, and the amounts contributed by Hanscom. Colleen
15 indicated that she could prepare this for the current contract. Years outside the
16 current contract were discussed as being out of scope as the reserve balance only
17 grew substantially under the current contract.
- 18 d. There was a discussion of what is paid out by MCRS to retirees. We don’t have
19 visibility into who is paid in what proportion by MCRS.
- 20 e. There was discussion around how Segal divides the assets in their report. Ms.
21 Wilkins reported that Segal allocated based on the Actuarial Determined
22 Liability: % of total.
23
- 24 4. Update on Other Post Employment Benefit (OPEB) current and future practice
- 25 a. Colleen Wilkins provided an overview of the current OPEB practice. There was
26 discussion about how this practice follows Finance Committee OPEB policy, and
27 how Hanscom has been broken out since 2007.
- 28 b. Currently Hanscom’s OPEB liability is more aggressively funded compared to
29 the town.
- 30 c. Jim Hutchinson brought forward the idea to include some level of harmonization
31 with town. He would like to get funding more consistent. Until 2036, the town
32 can’t commit to hitting a certain funding level, given other liabilities (MCRS). A
33 best practice could be that whatever funding the town has, the target is that
34 Hanscom doesn’t fall below it.
- 35 d. The group supported the current and proposed future allocation method for
36 OPEB, as well as looking to harmonize with the percent funding of the town.
37 We should caution that there is variability to what the town has done, so it needs
38 to be actively managed and is a risk for Hanscom contract given potential
39 inconsistency prior to 2036.
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- 42 5. Update on status of meeting the charges of the Working Group
- 43 a. Kim Rajdev asked to go through where the group stands for each of the School
44 Committee charges:
- 45 b. Charge 1: Review the Town of Lincoln's indirect cost methodology, and provide
46 recommendations for an updated methodology as well as corresponding cost
47 impacts to the next Hanscom contract.
- 48 i. The working group confirmed that the existing \$71,000 annual amount
49 was established in the 1990s, with no documentation supporting how it
50 was calculated.
- 51 ii. The working group tentatively agreed the updated “% of budget”
52 methodology as prepared by Colleen Wilkins appears to be a reasonable

1 approach. Colleen and Mary Ellen would look into the edit proposed by
 2 Mr. Cuetos to remove administrative expenses from the town budget.
 3 The estimated cost impacts were supplied for FY21-FY25 for illustrative
 4 purposes.

- 5 c. Charge 2: 1. Confirm the method the Town of Lincoln has used to allocate for the
 6 current contract for: OPEB and Pension Liabilities; 2. Propose an appropriate
 7 method to allocate these liabilities going forward. For example: We need to
 8 understand what data is being used: are they using gross salary, on a calendar
 9 year, if there are shared percentages, then explain why (central office, etc.).
- 10 i. OPEB Current: The working group confirmed the current allocation
 11 method used for OPEB as following Fincom OPEB policy. Town Finance
 12 provides the OPEB actuary (Odyssey Advisors) census information based
 13 on employees enrolled in health insurance, including retirees, based on
 14 their plan (family/individual/etc.). Hanscom employees have been
 15 broken out since the process began in 2007. The actuary then provides
 16 the recommended actuarial determined contributions (ADC) for each
 17 agency (Hanscom, Lincoln School, Lincoln Town). The report is provided
 18 every 2 years, and each report provides 2 years' worth of ADCs.
 - 19 ii. OPEB Future: The working group confirmed the future allocation method
 20 used for OPEB should remain the same. There may be additional
 21 discussion around what the funding strategy should be, as well as
 22 harmonization with the Town, which is outside the scope of the charge.
 - 23 iii. Pension Current: The working group confirmed that the Lincoln Finance
 24 Department historically provided monthly salary/wage detail to MCRS
 25 at the individual level, however this detail was not identified by
 26 individual location/agency (i.e., whether they were Hanscom/Lincoln
 27 School/town). The actuary for MCRS (Segal) used this information to
 28 prepare an actuarial determined contribution (ADC) for the entire town
 29 of Lincoln, with no breakdown between Hanscom, Lincoln School, or
 30 other town employees. The report is provided every 2 years, and each
 31 report provides 2 years' worth of ADCs.
 - 32 iv. Pension Future: The working group confirmed that the Lincoln Finance
 33 Department has requested Segal to break out the ADC into 3 agencies:
 34 Hanscom, Lincoln School, and Other Town employees. The employee
 35 census (work location) data was provided to match the individual
 36 salary/wage detail that was provided for Jan 1, 2022, which corresponds
 37 to the most recent ADCs for FY24 and FY25. Segal has provided a report
 38 that now allocates the liability and corresponding ADC for Hanscom,
 39 Lincoln School, and Other town employees. The working group also
 40 confirmed that any allocations based on employees who split time were
 41 verified by Town Finance and the School Administrator for Business and
 42 Finance, and these allocations were also supplied to Segal.
- 43 d. Charge 3: Propose a plan to have disaggregated valuation statements for both
 44 OPEB and MCRS pension liabilities into 3 groups: Town of Lincoln, Lincoln
 45 Public Schools, and Hanscom bi-annually, and following the agreed allocation
 46 methods determined above. We understand that drafts may be in place currently

1 (for MCRS/Segal). We would like to formalize what the expectation should be
2 going forward.

- 3 i. The working group confirmed that both OPEB (via Odyssey) and MCRS
4 (via Segal) will have disaggregated liability valuation statements broken
5 out by at least: Hanscom, Lincoln Public Schools, and Other Town of
6 Lincoln employees going forward. These statements will be provided bi-
7 annually.

8
9 6. Discuss additional considerations

- 10 a. David Cuetos asked for clarification on the active retiree health care changes that
11 were made. Mary Ellen Normen and Colleen Wilkins explained these were split-
12 funded employees who were not previously identified as split-funded for the
13 process of active health care payments. The process was corrected and last year
14 the school committee approved the additional funds to cover these split-funded
15 employees from the Hanscom contract.
- 16 b. Jim Hutchinson asked whether there is a high-end calculation to estimate the
17 difference between what Segal “might” have calculated as the ADC for prior
18 years and the amounts actually contributed by the contract. Colleen Wilkins
19 confirmed this would be relatively easy to do based on the percentage of
20 Hanscom to total liability that Segal calculated.

21
22 7. Approval of minutes from July 1, 2024 working group meeting

- 23 a. Paul Blanchfield moved to approve, Jim Hutchinson seconded. All aye. None
24 opposed.

25
26 8. Matina Madrick moved to close at 7:40pm, Paul Blanchfield seconded. All aye. None
27 opposed.

28
29 Respectfully submitted,
30 Kim Rajdev, School Committee