

Montgomery County Board of Education
Fiscal Management Committee Meeting

May 9, 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 Monday, May 9, 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
Mr. Ikhide Roland Ikheloa, Chief of Staff, Board of Education
Ms. Susanne DeGraba, Chief Financial Officer
Mr. Roger Pisha, Supervisor, Internal Audit Unit
Mr. Richard Johnstone, Director I, Benefits Strategy and Vendor Relations
Mr. Robert Doody, Controller, Division of the Controller
Ms. Laura Steinberg, Staff Assistant, Board of Education
Mr. Stanislaw Damas, Director, Department of Association Relations
Ms. Shafeena Yunus, Senior Specialist, Insurance and Retirement, Financial Services

Guests: Mr. Douglas Rowe, Mercer Human Resource Counseling
Mr. Colin Bracis, Mercer Human Resource Counseling
Mr. Thomas Israel, Executive Director, Montgomery County Education Association

The meeting was called to order by Mr. Philip Kauffman, chair, at 10:09 a.m.

Approval of April 12, 2011 Meeting Minutes

The meeting minutes of April 12, 2011, were approved as submitted.

Certificate of Excellence Award Presentation:

Staff from the Controllers Office and the Internal Audit Unit was recognized for their contributions to the Association of School Business Officers (ASBO) Certificate of Excellence that MCPS received for their Comprehensive Annual Fiscal Report (CAFR). This award, sponsored by VALIC, recognizes outstanding achievement in the presentation and disclosure of financial information. A representative from VALIC presented gold pins to the following staff members: Mr. Robert Doody, Controller; Mr. Roger Pisha, Supervisor of Internal Audit; Ms. Dena Horton, School Internal Auditor; Ms. Susan Chen, Assistant Controller; Ms. Janet Williams, Senior Accountant; Ms. Sherry Noah, Grants Accountant; and Mr. Rick Johnson, Banking, Cash Accounting.

Committee members recognized these individuals for their service, and thanked VALIC for sponsoring this award.

Changes to the Maryland State Teachers' Pension Plan and Recommended Changes to the Montgomery County Public Schools Employees' Pension Plan

MCPS staff provided information about changes to the Maryland State Teachers' Pension System and implications for making similar changes to the Montgomery County Public Schools Employees' Pension Plan. The changes made by the state impact employees hired prior to July 1, 2011, differently than those who will be hired after July 1, 2011. Retirement changes to new employees would be based on the "Rule of 90" meaning that combination of service and age must total 90. Information on implications of the State plan was shared with MCPS employee associations. Staff recommended that MCPS mirror the changes for contributions for new hires in the local plan, with the exception of the cost-of-living adjustment. Specifically, staff recommends lowering the cap on cost-of-living increases for all service after July 1, 2011, to 2.0 percent, based on the CPI, and not following the state's methodology. This simplified approach is recommended both because it will be more understandable for employees and easier to administer.

The committee accepted this recommendation but asked staff, in preparing materials for the full Board's consideration on May 23, 2011, to provide information on raising the cap to 2.5 percent, as well as keeping it at a flat 2.0 percent regardless of the CPI.

Auditor Plan for Fiscal Year 2012 – Non Agenda Item

Internal Audit staff presented the committee members with their work plan for Fiscal Year 2012 for the committee to review. The work plan will be discussed at the next committee meeting and for final action.

Summary of Actions and Follow-ups

- 1) Recommendation and background information to go the Board at its May 23, 2011, meeting.
- 2) Board staff asked to extend timing for the Board's discussion/action.

The meeting adjourned at 11:17 a.m.

Recorder: Becky Gibson