

LAKE HAVASU UNIFIED SCHOOL DISTRICT #1

AGENDA ACTION ITEM

TOPIC: APPROVAL OF DISTRICT PROVIDED RETIREE INSURANCE BENEFIT SUBSIDY AND PHASED SUBSIDY REDUCTION PLAN

SUBMITTED BY: Rebecca Stone, Superintendent
Michael Murray, Director of Business Services
Jaime Festa-Daigle, Director of Personnel/Technology

DATE FOR BOARD CONSIDERATION: March 31, 2021

RECOMMENDATION:

It is recommended the Governing Board retroactively approve a district provided retiree insurance benefit subsidy and phased subsidy reduction plan.

RATIONALE:

The district completes the Arizona State Retirement System (ASRS) – Employer Health Insurance Plan/Premium Breakdown Table, annually. This year, the payroll department noticed a change to the form. The form shows a revision date of 1/29/2020. The form included the question, Is any portion of this premium being paid by the employer? Yes/No. The question is followed by a Note, which references ARS 38-783. The payroll department did reach out to ASRS to seek clarification on the revised form. After several emails and phone conversations with ASRS, it was confirmed that those who retired after August 2, 2012 are not eligible for Premium Benefit Payments from ASRS.

The district does pay a portion of eligible retiree insurance premiums. As a result, retirees are not eligible to receive ASRS Premium Benefit Payments of \$150/mo. for the retiree and a total of \$110/mo. for any and all dependents that a retiree is insuring.

As this was discovered after the start of the school year and communication to seek clarification and attempts to appeal, based on verbiage contained in statute, the district is seeking retroactive approval to subsidize the premium benefit for FY21. The district also proposes a phased subsidy reduction to assist retirees in adjusting to the absence of the ASRS Premium Benefit.

The proposed phased subsidy for the \$150/mo. for the retiree and a total of \$110/mo. for any and all dependents that a retiree is insuring is as follows:

- FY21 – retroactive 100%
FY22 – 100%
FY23 – 50%
FY24 – 0%

This item has been reviewed by the Business Department and Legal.

Approved for Transmittal to Governing Board _____ Superintendent