



Canton Finance Committee
801 Washington Street
Canton, MA 02021

Minutes Voted on: 3/6/23
Vote: 3-0-0

Sub-Committee to Review Compensation of Elected Officials
Meeting Minutes
January 18, 2023

Finance Committee Sub-Committee Members Present: Dave Clough, Emilio Mauro and Cindy Thomas.

Finance Committee Sub-Committee Members Absent: All members present.

Guests Present:

Ellen Jones, Finance Committee/Sub-Committee Recording Secretary

Call Meeting to Order: Ms. Thomas called the virtual Sub-Committee meeting to order at 7:34 p.m.

Ms. Thomas stated the purpose of the meeting was to reconvene as a Sub-Committee to review the compensation of elected officials.

Update on information gathered relative to Elected Officials Compensation

Ms. Thomas stated there were three agenda items 1) review any updated information since the Sub Committee's meeting on January 9, 2023 2) review and revise as needed the Draft Preliminary Report and Recommendations to the Finance Committee and 3) approve the minutes for January 9, 2023.

The only updated information that Ms. Thomas obtained since the last meeting and the latest draft report was the cost of benefits. In addition to the cost of stipends that the Sub-Committee has been reviewing, Ms. Thomas stated that the Sub-Committee and the Finance Committee should also be discussing and considering the cost and financial impact of benefits for elected officials and retired elected officials.

Ms. Thomas screen shared for the members the Draft Report showing the benefit costs of retired elected officials. She stated that these costs could be significant given that retired elected officials who continue with their benefits upon retirement could do so for a number of years after their retirement causing considerable costs to the Town.

The Town's cost of a retiree enrolled in a BCBS Medex plan is \$3,071 per year. If a spouse were also enrolled in Medex the Town's cost would double to \$6,142 per year.

If a retiree is not Medicare eligible the retiree would have a choice of two plans: BCBS HMO (the Town's responsibility would be \$7,615 for an individual plan or \$20,014 for a family plan) or BCBS PPO (the Town's responsibility would be \$11,737 for an individual plan or \$27,843 for a family plan). If a retiree and their spouse were both enrolled in the Town's insurance and the retiree were to pass away, the spouse is allowed to continue on the Town's insurance.

The Sub-Committee reviewed the contents of their report as follows.

Mr. Mauro inquired if an elected official's compensation must be over \$5,000 annually to create a possible pension liability for vesting. The \$5,000 includes only the cost of the compensation/stipend, not the cost of benefits. If an elected official receives less than \$5,000 a year from the Town but is also a state employee or a retiree of another town the Sub-Committee is wondering if the compensation/stipend under \$5,000 from Canton would lead to a pension liability. The initial response Ms. Thomas received was no it would not, but in talking with the Finance Director Randy Scollins, there was tentativeness to the answer he received from Norfolk County Retirement System. Because the occurrence of this would be a rare situation, it would not make a difference in how the Sub-Committee approaches this overall. Mr. Clough inquired that because none of the Town of Canton elected officials receive compensation greater than \$5,000 how would any of them be eligible for pension or continuation of insurance benefits. Ms. Thomas stated that the Town has a policy from 2003 approved by the Select Board that allows elected officials to participate in the Town's medical and dental insurance. It is Ms. Thomas' understanding that the 10-year level has been used to determine if a retired elected official is able to continue with the health insurance even if the official receives less than \$5,000 of compensation.

Ms. Thomas continued with the review of the Draft Report and Recommendations (see the draft report). She stated that from past Town Meetings it is clear that there is no intention to eliminate the stipends. The Sub-Committee's goal is to create some form of equity with the stipends. Ms. Thomas reviewed the current compensation as voted by Annual Town Meeting, practices in other towns through a survey conducted in 2015 (see meeting documents), related benefits and the cost of benefits for current elected officials and retired elected officials, the Sub-Committee's Recommendation to the Finance Committee and the proposal for a tiered compensation.

Ms. Thomas read the following statement included in the report: "While the 2003 policy is silent on access to town benefits for retired elected officials or a surviving spouse, a review of documents indicates that compensated elected officials who have served 10 years or more are considered "vested" and, therefore, are eligible for retiree health insurance benefits."

The Sub-Committee is recommending the following:

- Stipend be developed that is tiered to reflect varied roles and responsibilities. All elected officials be eligible for compensation based on the tiered schedule. Elected officials have the option to decline their stipend.
- Compensation is structured that it no longer leads to "vesting" after 10 years of service, eliminating any future pension and retiree health insurance liability for the Town.
- The current 2003 policy be rescinded and eligibility for insurance benefits for compensated elected officials be eliminated on a permanent basis.
- Elected officials and retirees currently receiving insurance benefits be "grandfathered".
- Further discussion with the Finance Committee is needed to determine how grandfathering would apply to current elected officials who do not currently access benefits but may be eligible for benefits now or in the future under the current policy.

Emilio inquired as to what would need to be done or what action might be required by an elected body in order to "entrench" the policy as a perennial policy rather than a year-to-year policy. Ms. Thomas clarified for the Sub-Committee members that the insurance portion policy would be a Select Board policy and the only item voted at Annual Town Meeting are the stipends. The Sub-Committee would have to consult with Town Counsel if the Select Board would have to vote a new policy.

Ms. Thomas reviewed the proposed 2-3 tiered compensation along with the criteria/considerations to be taken in trying to determine which tier the boards would fall under. She suggested that when the Finance Committee meets with elected officials to discuss the Sub-Committee's recommendations that they inquire of the board members if an additional stipend should be paid or not paid to the Board Chair. The elected officials might also be able to confirm their level of involvement with regard to number of meetings, number of other boards etc. Considerations that the Sub-Committee have developed so far include the following:

- Number of meetings or site visits or official activities required of the official.
- Number of other boards and committees the members of elected boards are required to serve on (for example Master Plan Committee, Paul Revere Heritage Trust Board, Community Preservation Committee etc.).
- Level of community engagement required.
- Number of board/committee members in relation to the work required.
- Size of the budget the elected board is responsible for.
- The nature and complexity of the work performed by the elected board.
- Level of staff support provided to execute the daily work of the board/committee.

When the Finance Committee meets with some of the elected officials they may find out that there may be other items to consider when configuring the tiered compensation.

Ms. Thomas reviewed the next steps for the Sub-Committee and the Finance Committee:

- Consult with Town Counsel to ensure compliance with applicable laws/regulations.
- Present the Sub-Committee Report to the Finance Committee at their next meeting.
- Solicit input from current elected officials, but not at the upcoming meeting with the Finance Committee. Ms. Thomas stated that these recommendations need to be discussed with the Finance Committee members first before presenting to elected officials with no public comment being taken at the meeting. Also, there is the possibility that the Finance Committee members are of the opinion that the elected official's stipends are too complicated and to leave it as is and therefore not be in total support of the Sub-Committee's recommendations.
- If the Finance Committee decides to move forward, the tiers and stipend levels would need to be decided.
- Assess the financial impact and budget responsibility. It would need to be decided as to which department budgets these stipends would be paid out of.
- Prepare the Finance Committee motion for ATM.

Ms. Thomas stated that if Annual Town Meeting or the Finance Committee decides not to “go down this road” she is confident that the Sub-Committee did a thorough job of reviewing all of the issues.

Ms. Thomas screen shared through Zoom *very* preliminary information with regard to the stipends. The purpose of this was to determine the “ballpark number” if all board members were compensated with a stipend. These tier designations are *only* a draft.

Tier 1: School Committee	5 members	\$1,500 each	Annual cost: \$7,500
Tier 1: Select Board	5 members	\$1,500 each	Annual cost: \$7,500
Tier 2: Planning Board	5 members	\$1,000 each	Annual cost: \$5,000
Tier 2: Board of Assessors	3 members	\$1,000 each	Annual cost: \$3,000
Tier 2: Board of Health	3 members	\$1,000 each	Annual cost: \$3,000
Tier 3: Library Board of Trustees	9 members	\$500 each	Annual cost: \$4,500

The total cost if all elected officials were offered & accepted the above preliminary recommended stipends: \$30,500.

The total cost of elected officials receiving stipends now: \$16,200.

This includes Select Board (\$7,200) , Board of Assessors (\$7,200) & Board of Health (\$1,800)

The \$30,500 would represent a net increase cost of \$14,300.

The liability that the Town could incur if a retired elected official were enrolled in Medicare and Medex over a 20-year period could be as much as \$61,000 based on the present rate for Medex of \$3,071 per year per each retiree. Even if the Town were to incur an increase of \$14,300 for the stipends, in the long run the Town would be saving a significant amount to health insurance budget with the elimination of the insurance benefits to retired elected officials.

For modeling purposes if an additional stipend were paid to the Board Chairs, such as \$200 for Tier 1 chairs, \$150 for Tier 2 Chairs and \$100 for Tier 3 chairs, the total additional cost impact would be \$950 per year.

The Sub-Committee decided that if their Preliminary Report and Recommendations were distributed to the Finance Committee members prior to their meeting as well as screen shared through Zoom this would eliminate the need for a PowerPoint slide presentation. Ms. Thomas stated that a few members of the Select Board may be attending the Finance Committee meeting to hear the Auditors Report for FY22. The discussion of the Sub-Committee’s Preliminary Report and Recommendations will take place at the end of the meeting but the plan is to not take public comment at that time. The Finance Committee will be reviewing and “digesting” the findings and possibly adjusting, modifying and changing the Sub-Committee’s recommendations. There will be a future Finance Committee meeting that elected officials will be invited to hear the recommendations and to comment at that time.

Next Meeting Date: The Sub-Committee did not set a future meeting date. The Finance Committee meeting will be meeting virtually on January 25, 2023.

Approval of Minutes – A motion made by Mr. Mauro to approve the minutes of the Sub-Committee to Review Elected Officials Compensation for January 9, 2023 as written was seconded by Ms. Thomas.

Roll Call Vote:

Mr. Mauro Aye

Ms. Thomas Aye

Mr. Clough Abstain

The January 9, 2023 minutes were approved 2-0-1.

A motion made by Mr. Clough to adjourn the meeting at 8:38 pm. was seconded by Mr. Mauro.

Roll Call Vote:

Mr. Mauro Aye

Mr. Clough Aye

Ms. Thomas Aye

Roll Call Vote: 3-0-0

The meeting adjourned at 8:38 p.m.

Minutes reviewed by: Cindy Thomas

Respectfully submitted,

DocuSigned by:



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Cindy Thomas

Chair, Canton Finance Committee

Sub-Committee to Review Compensation of Elected Officials

**Finance Committee
Sub-Committee to Review Compensation of Elected Officials
Meeting Documents
January 18, 2023**

Please note: Some meeting documents may be found on the Town's website under the Posted Minutes section (Laser Fiche).

Agenda for January 18, 2023.

Elected Official Compensation Sub Committee – Preliminary Report and Recommendations (4 pages).

Part-Time Elected Official Compensation Survey 2015 (12 Towns), (1 page).