

**FY 2027 Budget Narrative for Employee Benefits**

**Submitted by Phyllis Moss, H.R. Director**

The mission of ***Employee Benefits*** is to attract, retain, and support a healthy, productive workforce by offering cost-effective, comprehensive benefits like health, retirement, and wellness, ensuring financial security and work-life balance, and fostering employee well-being and loyalty to public service. They aim to meet diverse employee needs while controlling costs and maintaining competitiveness with other employers.

**Services Provided:**

- **Health & Wellness:** Medical, Dental, EAPs, Fitness Programs, Worker's Compensation Insurance.
- **Retirement:** Pensions, and 457 plans
- **Income Protection:** Life Insurance, Disability Insurance.
- **Work-Life Support:** Safety policies, EAP's, paid time-off and sick time policies.
- **Development:** Tuition reimbursement, and other education benefits.

**Examples of Services Provided:**

- Provide ongoing equitable benefits based on legal requirements, eligibility, Union Contracts, Memorandums of Understanding, and Town polices.
- Collaborate with employees, retirees and others to assure that selected benefits programs and services are responsive to their needs.
- Communicate benefits information to employees, retirees and their dependents which enables them to tailor coverage to meet their needs.

- Explore alternate or additional benefits and financial structures that maximize affordable coverage.
- Represent employees, retirees, and dependents in their efforts to resolve benefit problems with external providers.
- Provide sound fiscal and contract management of benefits programs.
- Provide information to other private and public sector employers.
- Provide Worker’s Compensation Insurance and facilitate return-to-work programs.



**Equipment and Assets:**

The only equipment used by the Department of Human Resources for Benefits is the Town’s computer system.

**Budget Commentary:**

The Town has a responsibility to provide certain employee benefits (Health and Worker’s Compensation Insurance, Earned Paid Leave, Family Medical Leave, and a retirement option). Providing these benefits is an investment in our workforce. They boost morale, loyalty, and productivity by showing employees they are valued, leading to better health, happiness, and engagement, ultimately driving the Town’s success through reduced burnout and higher retention.

This budget reflects a 10% increase in health care benefits Jan. 1 – June 30, 2027.

# Town of Windham

## NEXT YEAR / CURRENT YEAR BUDGET DETAIL - EXPENDITURES

ACCOUNTS FOR PROJECTION 20271 TOWN OF WINDHAM - FY 27 OPERATING BUDGET								
			2025	2026	2026	2026	2027	PCT
			ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	MANAGER	CHANGE
<b>1000</b>	<b>GENERAL FUND</b>							
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>							<b>GENERAL GOVERNMENT</b>
<b>85</b>	<b>11900</b>	<b>42110 HLTH INS</b>	<b>2,022,659.02</b>	<b>2,164,253.00</b>	<b>2,164,253.00</b>	<b>1,209,334.73</b>	<b>2,185,247.00</b>	<b>1.0%</b>
		Employer share of premiums for all employees insured under the PPO-500 plan and the insurance buy-outs. The budget provides for a 10% premium increase for health which will affect the last six months of the budget year.		FY27 BUDGET CALCULATION HEALTH - 1,802,991 BUY BACK - 334,876			2,185,247.00	
		FY 17 - 935,253.81		TM 2-23-26 +47,380 NEW CLD DRIVER & CODE POSITION				
		FY 18 - 1,079,999.93						
		FY 19 - 1,182,862.72						
		FY 20 - 1,197,967.42						
		FY 21 - 1,294,581.37						
		FY 22 - 1,413,058.89						
		FY 23 - 1,735,237.62						
		FY 24 - 1,889,461.82						
		FY 25 - 2,022,659.02						
<b>86</b>	<b>11900</b>	<b>42115 HRAS</b>	<b>31,995.97</b>	<b>55,500.00</b>	<b>55,500.00</b>	<b>22,458.29</b>	<b>70,000.00</b>	<b>26.1%</b>
		Health Reimbursement of co-insurance costs for all employee groups.		The Health Reimbursement Account (HRA) was set up to cover co-insurance costs for employees when we transitioned to the PPO-500 (now called the Katahdin Plan). Industry standard for calculating these costs is 30% of total liability. We have typically averaged less than that and therefore have budgeted 25% of our total liability. The significant increase over last year reflects the INCREASE IN COINSURANCE that was introduced by MMEHT effective 1/1/2026.			70,000.00	
		CY17 - 22,547 FY17 NOT TRACKED						
		CY18 - 27,643 FY18 NOT TRACKED						
		CY19 - 41,944 FY19 NOT TRACKED						
		CY20 - 37,545 FY20 - \$42,337.00						
		CY21 - 23,934 FY21 - \$35,131.64						
		CY22 - 28,718 FY22 - \$28,790.69						
		CY23 - 21,861 FY23 - \$23,878.38						
		FY24 - \$27,570.05						
		FY25 - \$31,995.97						

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		ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	MANAGER	CHANGE		
<b>1000</b>	<b>GENERAL FUND</b>								
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>						<b>GENERAL GOVERNMENT</b>		
<b>87</b>	<b>11900</b>	<b>42116</b>	<b>FLORES</b>	<b>8,165.55</b>	<b>8,825.00</b>	<b>8,825.00</b>	<b>3,879.90</b>	<b>7,000.00</b>	<b>-20.7%</b>
		Payment to a third party vendor Consumer Health Solutions(new in 2027) for administration of the Flexible Spending Accounts (FSA) and the Health Reimbursement Accounts (HRA). This was previously in account 11900-42110 Health Insurance.		Annual Fee HRA and FSA \$500 Average monthly transactions approximately \$6,500.				7,000.00	
		ANNUAL FEES - \$1,375.							
		FY 16 MO FEES - \$5,911.00							
		FY 17 MO FEES - \$5,913.60							
		FY 18 MO FEES - \$6,098.10							
		FY 19 MO FEES - \$5,857.35							
		FY 20 MO FEES - \$6,039.75							
		FY 21 MO FEES - \$6,220.80							
		FY 22 MO FEES - \$7,859.20							
		FY 23 MO FEES - \$9,250.60							
		FY 24 MO FEES - \$8,383.75							
		FY 25 MO FEES - \$8,165.55							
<b>88</b>	<b>11900</b>	<b>42120</b>	<b>DENTAL</b>	<b>82,105.58</b>	<b>73,776.00</b>	<b>73,776.00</b>	<b>37,430.91</b>	<b>79,970.00</b>	<b>8.4%</b>
		Part of Maine Municipal Association monthly invoice for health related benefits for all benefit eligible employees.		Number of employees covered increased compared to prior year.				79,970.00	
		FY 20 - 55,226.32		TM 2-23-26 +\$1,142 - NEW CLD DRIVER & CODE POSITION					
		FY 21 - 55,820.91		+ 2% Health Trust Dental Increase + \$1,922					
		FY 22 - 58,756.17							
		FY 23 - 70,463.75							
		FY 24 - 76,005.65							
		FY 25 - 82,105.58							

# Town of Windham

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### ACCOUNTS FOR PROJECTION 20271 TOWN OF WINDHAM - FY 27 OPERATING BUDGET

				2025	2026	2026	2026	2027	PCT
				ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	MANAGER	CHANGE
<b>1000</b>	<b>GENERAL FUND</b>								
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>								<b>GENERAL GOVERNMENT</b>
<b>89</b>	<b>11900</b>	<b>42130</b>	<b>ST DIS</b>	<b>15,885.07</b>	<b>8,500.00</b>	<b>8,500.00</b>	<b>9.63</b>	<b>8,500.00</b>	<b>0.0%</b>
			Town share of short term disability insurance required in the police contract. The Town pays the premium necessary for the employee to receive a benefit of \$1,000 per month.					8,500.00	
			FY 17 - 7,200.00						
			FY 18 - 8,000.00						
			FY 19 - 6,000.00						
			FY 20 - 7,275.85						
			FY 21 - 5,171.98						
			FY 22 - 7,615.03						
			FY 23 - 11,003.19						
			FY 24 - 14,094.09						
			FY 25 - 15,885.07						
<b>90</b>	<b>11900</b>	<b>42140</b>	<b>LT DIS</b>	<b>7,203.14</b>	<b>8,160.00</b>	<b>8,160.00</b>	<b>3,275.00</b>	<b>8,100.00</b>	<b>-0.7%</b>
			Town cost of the long-term disability insurance plan required in the police contract.					8,100.00	
			The cost (\$675/month) is directly tied to Police employee salaries. All staff are at the top of the benefit at this time.						
			FY 17 - 6,356.22						
			FY 18 - 6,356.55						
			FY 19 - 6,233.99						
			FY 20 - 6,844.86						
			FY 21 - 7,296.30						
			FY 22 - 6,456.32						
			FY 23 - 3,938.16						
			FY 24 - 12,603.35						
			FY 25 - 7,203.14						

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		ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	MANAGER	CHANGE
<b>1000</b>	<b>GENERAL FUND</b>						
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>						<b>GENERAL GOVERNMENT</b>
<b>97</b>	<b>11900 42150 GTL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
	Internal Revenue Code (IRC) Section 79 allows employees to exclude the cost of up to \$50,000 of employer-provided group-term life insurance coverage from their taxable income. Coverage in excess of this amount is considered imputed income and subject to FICA taxes. The account is zero because there is NO COST TO THE EMPLOYER.					0.00	
	This account was carried over from our prior accounting system (NDS) and has gone unused due to changes in how MUNIS calculates imputed income..						
<b>92</b>	<b>11900 42210 SOC SEC</b>	<b>956,574.82</b>	<b>1,082,435.00</b>	<b>1,082,435.00</b>	<b>606,043.25</b>	<b>1,128,691.00</b>	<b>4.3%</b>
	The Town pays FICA (6.2%) and Medicare (1.45%) payroll taxes on wages and the employer's matching contribution to employees' retirement accounts. FICA and Medicare expense for Recreation Programs, a self-funded program, is included in that budget (org 22120).					1,128,691.00	
	FY 17 - \$512,286.70						
	FY 18 - \$587,519.17						
	FY 19 - \$591,890.22						
	FY 20 - \$638,188.38						
	FY 21 - \$667,748.75						
	FY 22 - \$706,638.55						
	FY 23 - \$792,253.42						
	FY 24 - \$886,065.39						
	FY 25 - \$956,574.82						
	2.8% COLA						
	CURRENT YEAR CALCULATION:						
	WAGES - BUDGET - 12,792,229.54						
	MPERS 1,042,769.50						
	DEFERRED COMP 188,975.76						
	RECREATION PROGRAMS 251,515						
	INS BUY BACK 334,876.32						
	TOTAL 14,610,366.12 X .0765						
	FICA/MEDICARE - 1,117,693.01						
	TM 2-23-26 +\$11,289 - NEW CLD DRIVER & CODE POSITION						
	TM 2-23-26 +\$1,039 additional FICA to bring non-union COLA to 3.0%						
	TM 2-24-26 -\$1,330 multiple changes made during Dept Head meetings						

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			ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	MANAGER	CHANGE
<b>1000</b>	<b>GENERAL FUND</b>							
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>						<b>GENERAL GOVERNMENT</b>	
<b>93</b>	<b>11900</b>	<b>42211 EARN PD LV</b>	<b>-116.80</b>	<b>124,427.00</b>	<b>124,427.00</b>	<b>-2,463.17</b>	<b>130,229.00</b>	<b>4.7%</b>
		NEW PROGRAM - STATE OF MAINE EARNED PAID LEAVE LAW. EMPLOYER CONTRIBUTIONS GO INTO EFFECT ON 01/01/2025 AT A PRELIMINARY RATE OF .05%		Maine's Paid Family and Medical Leave (PFML) program, enacted in 2023, begins offering benefits on May 1, 2026, providing eligible employees up to 12 weeks of paid, job-protected time off for qualifying medical or family reasons. Contributions began in early 2025 for employers, with applications for leave opening in May 2026.			130,229.00	
				+2,192 increase fur to change in COLA and addition of 2 new positions				
<b>94</b>	<b>11900</b>	<b>42310 DEF COMP</b>	<b>193,488.97</b>	<b>224,659.00</b>	<b>224,659.00</b>	<b>129,073.08</b>	<b>189,313.00</b>	<b>-15.7%</b>
		Town matching contributions of up to 6% of regular pay for participants in the Mission Square Retirement Corporation or MaineSTART deferred compensation plans.		TM 2-23-26 +\$337 additional contributions to bring non-union COLA to 3.0%			189,313.00	
		FY 17 - 135,894.90						
		FY 18 - 143,944.68						
		FY 19 - 152,856.15						
		FY 20 - 196,330.44						
		FY 21 - 228,938.91						
		FY 22 - 189,445.89						
		FY 23 - 167,357.44						
		FY 24 - 176,131.61						
		FY 25 - 193,488.97						

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				ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	MANAGER	CHANGE	
<b>1000</b>	<b>GENERAL FUND</b>									
<b>11900</b>								<b>GENERAL GOVERNMENT</b>		
<b>95</b>	<b>11900</b>	<b>42320</b>	<b>MAINE PERS</b>	<b>851,549.77</b>	<b>1,130,645.00</b>	<b>1,130,645.00</b>	<b>670,691.34</b>	<b>1,056,955.00</b>	<b>-6.5%</b>	
			Maine Public Employees Retirement System employer contributions for members of the police and professional firefighters unions as required by contract, 13.2% of gross pay both groups. Special Plan 3C  FY 17 - 176,663.79 FY 18 - 248,804.81 FY 19 - 328,691.30 FY 20 - 339,651.52 FY 21 - 357,978.02  MPERS - AC EMPLOYERS CONSOLIDATED PLAN - EFFECTIVE START 1/1/22. THIS IS A 25 YRS - 65 YEARS OLD. FOR ALL NON UNION AND PUBLIC WORKS EMPLOYEES. EMPLOYER RATE FY 27 10.2%  FY 22 - 520,259.32 FY 23 - 701,740.15 FY 24 - 775,925.58 FY 25 - 851,549.77  RETIRREE/REHIRE PROVISION FOR MSRS. TOWN AND EMPLOYEE CONTRIBUTE 2.5% EACH					702,663.00		
								349,313.00		
									TM 2-23-26 +\$13,659 - NEW CLD DRIVER & CODE POSITION	
									TM 2-23-26 +\$715 additional contributions to bring non-union COLA to 3.0%	
								4,979.00		
<b>96</b>	<b>11900</b>	<b>42410</b>	<b>WRKRS COMP</b>	<b>342,639.35</b>	<b>345,672.00</b>	<b>345,672.00</b>	<b>305,155.68</b>	<b>365,223.00</b>	<b>5.7%</b>	
			Worker's compensation expense insurance premiums. Premiums for Recreation programs are carried in account #22120-42220.  FY 17 - 202,558.21 FY 18 - 180,376.21 FY 19 - 208,708.06 FY 20 - 254,658.90 FY 21 - 223,721.40 FY 22 - 238,262.35 FY 23 - 328,587.87 FY 24 - 282,245.85 FY 25 - 342,639.35  THE ABOVE INCLUDE AUDIT ADJUSTMENTS AS RECEIVED.					365,223.00		
									Claims experience has increased despite risk management and loss control efforts; however, the premium is driven not only by claims experience, but by audited payroll records and we have increased the pay of all employees in the past year.	
									These amounts have been recommended by MMA Risk-Management personnel and reflect a 5% increase in premium costs.	
									TM 2-23-26 +\$2,267 - NEW CLD DRIVER & CODE POSITION	

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<b>11900</b>	<b>EMPLOYEE BENEFITS</b>							<b>GENERAL GOVERNMENT</b>
<b>97</b>	<b>11900 42510 UNEMP COMP</b>	<b>0.00</b>	<b>7,500.00</b>	<b>7,500.00</b>	<b>0.00</b>	<b>7,500.00</b>	<b>0.0%</b>	
	Unemployment benefits as assessed by the State of Maine.					7,500.00		
	The town is a "direct pay" employer and does not carry unemployment compensation insurance.							The town is a "direct pay" employer and does not carry unemployment compensation insurance. Budgeted amount reflects growth in overall employment. There is no real way to project these claims.
	FY 17 - 3,699.48							
	FY 18 - 9,607.01							
	FY 19 - 0.00							
	FY 20 - 1,192.62							
	FY 21 - 4,924.42							
	FY 22 - 0.00							
	FY 23 - 0.00							
	FY 24 - 0.00							
	FY 25 - 0.00							
<b>98</b>	<b>11900 42600 EMP H&amp;S</b>	<b>3,431.07</b>	<b>3,500.00</b>	<b>3,500.00</b>	<b>0.00</b>	<b>3,500.00</b>	<b>0.0%</b>	
	Wellness program for employees. This was previously in account 11800-42610.					3,500.00		
	This combines with grant money from MMA to encourage health and wellness across all employee group							No changes
	FY 20 - \$221.40							
	FY 21 - \$221.40							
	FY 22 - \$596.48							
	FY 23 - \$543.63							
	FY 24 - \$0.00							
	FY 25 - \$3,431.07							

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<b>1000</b>	<b>GENERAL FUND</b>								
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>						<b>GENERAL GOVERNMENT</b>		
<b>99</b>	<b>11900</b>	<b>42710</b>	<b>TUITION</b>	<b>3,718.75</b>	<b>10,000.00</b>	<b>20,000.00</b>	<b>1,250.00</b>	<b>10,000.00</b>	<b>0.0%</b>
		The town provides tuition reimbursement assistance to employees for approved courses.		Increase to allow for more opportunity for staff to advance their education.			10,000.00		
		FY 17 - \$5,000. FY 18 - \$5,000. FY 19 - \$5,000. FY 20 - \$5,000. FY 21 - \$0 (COVID) FY 22 - \$1,858. FY 23 - \$2,889. FY 24 - \$963. FY 25 - \$3,718.75							
<b>100</b>	<b>11900</b>	<b>42711</b>	<b>SEPARATION</b>	<b>0.00</b>	<b>149,749.00</b>	<b>149,749.00</b>	<b>0.00</b>	<b>123,176.00</b>	<b>-17.7%</b>
		Portion of accrued sick and vacation leave paid out to employees upon separation.		FY27			123,176.00		
		Will be paid from Fund Balance (SEE 1000-37150)		GA					
		THIS ACCOUNT WAS STARTED FOR FY26		COMP - 52,175					
				FICA - 3,991					
				PFML - 522					
				457 - 6,375					
				POLICE					
				COMP - 24,350					
				FICA - 1,863					
				PFML - 244					
				MEPERS - 3,263					
				FIRE					
				COMP - 24,903					
				FICA - 1,905					
				PFML - 249					
				MEPERS - 3,337					
<b>101</b>	<b>11900</b>	<b>42720</b>	<b>CLASS PLN</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
		To fund mid-year position reclassifications based on market surveys to keep compensation rates in the 95-110% of survey average range the town has used for the last 15-20 years.		This will be done in house by the Human Resources Director.			0.00		

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<b>1000</b>	<b>GENERAL FUND</b>							
<b>11900</b>	<b>EMPLOYEE BENEFITS</b>							<b>GENERAL GOVERNMENT</b>
<b>101</b>	<b>11900</b>	<b>42720 CLASS PLN</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
	TOTAL 11900 - EMPLOYEE BENEFITS		4,519,300.26	5,397,601.00	5,407,601.00	2,986,138.64	5,373,404.00	-0.4%
	<b>TOTAL GENERAL GOVERNMENT</b>		<b>7,477,649.29</b>	<b>8,934,835.00</b>	<b>8,983,890.42</b>	<b>5,229,306.59</b>	<b>8,624,589.91</b>	<b>-3.5%</b>