



Responding to the Affordable Care Act (ACA)

Board Workshop
December 16, 2014



Previous Board Decisions related to the ACA

- On January 28, 2013, the Board approved the plan to use our substitute service (Aesop) to set limits on substitutes, to stay below ACA thresholds. (On July 8, 2013, this decision was deferred due to the federal delay in ACA implementation.)



Previous Board Decisions

- On June 17, 2013, the Board took action to:

Direct the administration to schedule all District aides, para-educators and paraprofessionals for no more than 27.5 hours per week for the 2013-2014 school year to ensure that they meet the definition of part-time employees pursuant to the Affordable Care Act for the 2014-2015 school year.



Previous Board Decisions

- On July 8, 2013, the Board took action to:

Authorize the administration to suspend implementation of the Board's June 17 resolution directing the administration to schedule all District part-time employees for no more than 27.5 hours per week for the 2013-2014 school year to ensure that they meet the definition of part-time employees pursuant to the Affordable Care Act for the 2014-2015 school year.



Previous Board Decisions

- On July 8, 2013, the Board also approved:

Whether or not implementation of the Board's June 17 resolution is suspended, all new part-time hires, as defined under the Affordable Care Act, will be scheduled to work no greater than 27.5 hours per week.



Previous Board Decisions

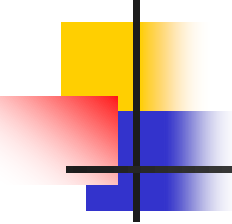
- On May 28, 2014, the Board agreed to:
 - Begin 12 month measurement period July 1, 2015
 - Offer benefits to 70% of *full-time* employees effective July 1, 2015
 - Offer benefits to 95% of *full-time* employees effective July 1, 2016



Previous Board Decisions

May 28, 2014 (continued)

- Continue limiting 10-month employees to summer employment of less than 30 hours per week
- Limit the hours of outside coaches/EDR's, part-time teachers, aides/paras and other groups of employees. (This decision was deferred due to the federal delay in ACA implementation.)
- Continue to replace positions with 30 or more hours per week with 27.5 hour per week positions
- Continue contracting positions requiring 30 or more hours per week



Which employee groups must the Board make decisions about to comply with ACA?

- *Full-time* Aides/paras
- Substitute Teachers
- *Variable hour* employees, i.e. coaches and employees with EDR's



Possible ACA Compliance Options

Board Option #1: Provide Health Care Benefits

- Option 1A. Provide health care benefits to the 78 *full-time* aides/paras

Estimated budget impact - \$1,354,000

Board decision timeline – March 2016 for 2016-17 budget (1 year prior for 2015-16 budget)



Possible ACA Compliance Options

Board Option #1: Provide Health Care Benefits

- Option 1B. Provide health care benefits to the 78 *full-time* aides/paras with 6% cost sharing

Estimated budget impact - \$1,276,000

Board decision timeline – March 2016 for 2016-17 budget (1 year prior for 2015-16 budget)



Possible ACA Compliance Options

Board Option #1: Provide Health Care Benefits

- Option 1C. Provide health care benefits to the 78 *full-time* aides/paras with 10% voluntary wage reduction

Estimated budget impact - \$1,207,000

Board decision timeline – March 2016 for 2016-17 budget (1 year prior for 2015-16 budget)

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Possible ACA Compliance Options

Board Option #2: Outside Vendor

- Use outside vendor to retain all 78 *full-time* aides/paras

Estimated budget impact - \$1,019,000

Other impact - potential staff turnover, increased potential for labor organization

Board decision timeline – March 2015



Possible ACA Compliance Options

Board Option #3: Reduce hours

- Option 3A. Reduce hours and hire

Reduce the hours of the 78 *full-time* aides/paras to 27.5 hours per week and hire additional District aides/paras to cover the reduced hours

Estimated budget impact - \$0

Other impact - hiring challenges, increased number of employees

Board decision timeline - June 2015



Possible ACA Compliance Options

Board Option #3: Reduce hours

- Option 3B. Reduce hours and use Outside Vendor

Reduce the hours of the 78 *full-time* aides/paras to 27.5 hours per week, and use outside vendor to cover the reduced hours

Estimated budget impact - \$147,000

Other impact - hiring challenges, increased personnel in schools

Board decision timeline - March 2015



Possible ACA Compliance Options

Board Option #3: Reduce hours

Option 3C. Reduce hours and increase pay

Reduce all 78 *full-time* aides/paras to 27.5 hours/week with increased pay (make them whole), and hire additional District aides/paras (assumes hiring new people at existing 2014-15 pay rates)

Estimated budget impact - \$210,000

Other impact - hiring challenges, increased number of employees

Board decision timeline - March 2015



Possible ACA Compliance Options

Board Option #4: Pay the \$1.4 Million IRS penalty

On May 28, 2014, the Board agreed to comply with the provisions of the ACA, rather than pay the noncompliance penalty.



Possible ACA Compliance Options

Board Option #5: Change 78 *full-time* aides/paras to 12 month employees with reduced summer hours

Violates IRS Anti-abuse rule



Possible ACA Compliance Options

Board Option #6: Other