

Affordability Options Calculation

Pat Shrader and I had a follow up call with the school district's attorney for the purpose of examining other options for the school district to meet the "affordability" requirement for offering 9-month classified staff members insurance benefits for the 2016-17 school year. Below are all of the options for meeting the federally mandated "affordability threshold" and the fiscal impact on the school district for the 2016-17 school year:

"Current Cost"-Current cost to provide single health coverage using the 25% (employee)/75% (school).
Cost to Employee: \$134.16 (monthly); \$1,609.92 (annually)

Cost to District: \$402.49 (monthly); \$4,829.88 (annually)

"Cost Based on 2016-17 Premium Increase"-Cost to provide health coverage in 2016-17.

Cost to Employee: \$140.74 (monthly); \$1,688.88 (annually)

Cost to District: \$422.21 (monthly); \$5,066.52 (annually)

Affordability Options:

1. "W-2 Method"-Calculating the affordability threshold by taking the lowest paid employees earnings from box 1 on the W-2 Form at multiplying it by 9.66%.

Cost to Employee: \$45.94 (monthly); \$551.26 (annually)

Cost to District: \$517.01 (monthly); \$6,204.12 (annually)

2. "Federal Poverty Line Method"-Calculating the affordability threshold by taking the federal poverty threshold and multiplying it by 9.66%

Cost to Employee: \$92.89 (monthly); \$1,114.68 (annually)

Cost to District: \$470.06 (monthly); \$5,640.72 (annually)

3. "Rate of Pay"-Calculating the affordability threshold by multiplying the hourly rate of the lowest paid employee (which is \$12.00 per hour) by 130 and multiplying that amount by 9.5%.

Cost to Employee: \$148.20 (monthly); \$1,778.40 (annually)

Cost to District: \$414.75 (monthly); \$4,977 (annually)

Based on the three options the district has, the superintendent would recommend that the school district choose Option #3, as it represents a modest price increase and allows us to meet the guidelines for offering affordable insurance. Of the three methods available to the district, Option #3 has the smallest financial impact on the school district.