Educational Services Contract Proposal

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Current Substitute Quick Facts

- Approximately 400 Substitute Teachers/Nurses
- Over 110 absences per day
- Fill rate on average of 98.6%
- Fill special school district positions daily
- 2 staff members designated to the substitute program
- 30 Locations to provide substitutes
- Over $2.5 M Budget
- Process sub certificates for student teachers and interns
Affordable Care Act

- Federal mandate in 2012
- Compliance or face penalty originally set for January 1, 2014
- Penalties Delayed until January 1, 2015

Insurance Plan Requirements

- Components of Plan
- Cost of Plans
- Offering to Eligible Employees - 30 Hour Rule

30 Hour Rule – Avoid Excise Tax Penalty

- $2000 per year x all full time employees
Penalty

30 Hour Rule – Avoid Excise Tax Penalty
$2080 per year x all full times employees

> $4.0M Budget Impact
30 Hour Rule

- All employees working on average of 30 hours a week (or 130 hours in a month) or greater, are considered to be full-time and must be offered coverage of healthcare benefits
- Includes hours worked and paid time off
- Creation of periods for determination:
  - Administrative
  - Measurement
  - Stability
- New Policy
ACA Policy

- Ongoing employees:
  - Measurement period = November 1 – October 31
  - Administrative period = November 1 – December 31
    - We will continually analyze the hours worked
    - If employee meets requirements they will be notified about their ability to enroll for health coverage
  - Stability period = January 1 – December 31
    - Will be eligible as long as employee remains employed regardless of number of hours worked
ACA Policy

- Parkway has over 2000 full time employees
  - 2015 – 30% = 600
  - 2016 forward – 5% = 100
- We currently have over 400 subs and over 300 part time employees
  - Security
  - Coaches
  - Teachers
  - Teacher assistants
  - Food service dietary aids
ACA Strategies Considered

Parkway Program Options:

- Increase substitute pool
- Limit available work
- Implement time-clock system for tracking of hours
- Hire permanent subs and only use for all long-term absences
- Offer benefits to employees that qualify
- Hire additional staff to manage tracking and compliance

- Explore Contracted Services
Request for Proposal Process

- RFP – Sent to vendors on March 4th and opened on March 20th
- Sealed proposals received from 5 companies.
- Proposal Analysis
  - Price
  - Service
  - Technical Compliance
  - References
  - Process Implementation
- Top 2 Companies Invited for Interviews
  - 15-minute presentation
  - Questions
- Final Analysis-Cost and Program Design
Parkway Substitute Program Cost

- Current budget for all subs $2,463,000
- Additional Costs
  - Insurance to be in compliance with ACA (35) $256,000
  - New Employees for tracking and payroll $25,000
  - Hiring additional subs for pool $40,000
  - Training, Development $14,000
  - Potential Additional Unemployment Claims $12,000
  - Systems upgrade to Workforce $25,000
- Total estimated budget increase: $372,000
- Total Parkway Sub Budget $2,835,000
Contracted Service Costs

- Based on current usage: $2,893,000
- Current Sub budget: $2,463,000
- Increase: $430,000
- Additional budget to maintain program: $372,000
- Cost differential between contracting and maintaining our current program: $58,000
Why Make Recommendation With a Potential Increased Cost?

- We used an estimate of 35 subs that we would need to provide insurance
  - This may be conservative
  - Prior to restricting subs, the projection had a potential of 60 subs that would become eligible
  - The 25 additional would have an increased cost of $183,000

- We need to avoid the ACA penalty of $2,080 per full-time employee
  - Potential impact of more than $4 million
Contracted Service

**Benefit**
- Insurance options provided
- Training and development
- Recognition Programs
- Still work in Parkway
- Increased Availability of Work
- Cost to District
- Classroom Consistency
- Currently no work limits
- Building/Teacher Preferences
- Similar Software
- Decreased Fail to Fill Rate
- Easy Exclusion Process
- Possible Year-round work for substitutes
- Eliminate Nurse Contracting Agency
- No ACA Penalty for District

**Challenge**
- No longer Parkway Employees
- Transitioning to a Contracted Service
## Parkway Program

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Challenge</th>
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<tbody>
<tr>
<td>• Full care and control of program</td>
<td>• ACA Penalty Avoidance</td>
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<td>• Increased Staffing</td>
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<td>• Increase of substitute pool</td>
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<td>• Increased Training and Development Cost</td>
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<td>• Work Restrictions</td>
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<td>• Increased Software Upgrades</td>
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<td>• Overall Quality Management of Program</td>
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Recommendation

Enter into an agreement with Kelly Educational Services to Contract Substitute Teacher and Substitute Nursing Services beginning with the 2015-2016 school year.
Questions