



FY 14/15 Fringe Benefits Budget Adjustment

The process for budgeting health insurance includes many stages that occur from October to the spring of the following year. Given that we are self-insured we rely on projections from our health insurance consultant Lindberg & Ripple to guide us to what is an appropriate level of funding based on a number of variables, which include but are not limited to headcount, claim experience, trend rates, large claims, and migration rates from PPO to HDHP plans based on collective bargaining.

In order to have a completed budget to the Board of Education by December we use projections from Lindberg and Ripple based on four months of actual data (Through October) and trend calculations for the last 8 months, with an estimated migration from PPO to HDHP plans since the HDHP plans did not begin until January. In discussion with Bob Lindberg we requested that the projections be very conservative so that we would not under-budget our needs if there was fluctuation in claims above expected claim activity in the months from November to June.

Through January of this fiscal year we have a positive claim total against expected claims of \$1,493,195 as well as an untapped margin in the insurance trust fund, leaving us with a balance of \$2,693,195 with five months of claims and an IBNR left to record. We have now received our Anthem renewal, have added 3 months of actual claims in place of trend, and have a full picture of the migration from PPO to HDHP plans from the Nurses and Custodians who have now moved onto HDHP as of January. As a result of all of this additional information, we have concluded that our Fringe Benefits budget projection for FY 14/15 is significantly higher than our estimated costs were at the time the budget was created, which leaves us with excess funds within the 212 account for next year should our budget be adopted in its current form.

The Board Approved Budget called for an Anthem Split Funded Projection of \$26,749,000 and a total 212 account budgeted at \$31,487,675 less a margin of \$1,187,520 totaling \$30,300,155.

Based on the Anthem Renewal, the Anthem Split Funded amount would be \$24,000,000 and a total 212 account budgeted at \$28,315,583.

This creates a budget surplus of: **\$1,984,572**. Note that this is after deduction of the \$1,187,520 from the BoE's insurance reserve already made in the Finance Director's recommendation.

Note that this surplus is not an accident. It is largely the result of (i) the strong position taken by the Board in its 2012-2014 union negotiations, resulting in large shifts from PPO plans into HSDA plans, and in increased co-pays and premium shares by employees, and (ii) careful management of our insurance accounts and reserves, in consultation with the City Finance Department. The magnitude of the savings could be not determined until the Anthem numbers came in, so the initial BoE budget request took conservative numbers not including these savings.

There were a number of areas that the Superintendent wanted to address in the FY 14/15 budget but, given the expected financial limitations, were put on hold until further funding could be identified. Given the

significantly lower than expected Anthem Renewal information now in hand, the following items are areas that the BoE would like to fund in the FY 14/15 budget, and their financial impacts:

1. Funding for P-Tech Academy at Norwalk High School. The state of CT has committed to \$100,000 of funding for positions for P-Tech and several hundred thousands of dollars for start up costs but the following costs are needed to implement P-Tech:

Title: 0.5 FTE Academy Director

Salary: \$72,094

Benefits: \$24,452

Payroll Taxes: \$1,045

Total Cost: \$97,591

Title: 1.0 FTE Technology Assistant

Salary: \$43,739

Benefits: \$22,605

Payroll Taxes: \$3,346

Total Cost: \$69,690

Total PTECH Funds: \$167,329

2. 1.0 FTE K-5 Literacy Director to lead our comprehensive K-5 Literacy Initiative:

Salary: \$144,188

Benefits: \$24,452

Payroll Taxes: \$2,091

Total: \$170,731

3. 1.0 FTE School Safety and Security Coordinator (Teacher on Assignment) to lead school safety, school climate, bullying and related initiatives:

Salary: \$87,870

Benefits: \$ 22,650

Payroll Taxes: \$1,274

Total: \$111,794

4. 4.0 FTE ELL Teachers originally budgeted in Alliance moved back to Local due to potential disallowance by CT Education Commissioner:

Total: \$378,327

5. Carry forward of Special Education Transportation Budget Transfer

Total: \$150,000

6. Carry forward of Special Education Tuition/Consulting Services

Total: \$12,285

- 7. 1 additional class size aide (Kendall)

Total: \$28,135

- 8. Move 0.5 FTE Technology Coach from Alliance to Local to free up FY 15/16 alliance funding to ensure funds are available for 2nd year of Common Core Instructional Site Director.

Salary: \$41,607
 Payroll Taxes: \$603
Total: \$42,210

- 9. Additional deposit into insurance trust fund over existing projections to provide additional preventative funding for margin in FY 15/16, 16/17.

Total: \$423,761

TOTAL: \$1,484,572

After adding these items back into the budget, we would have **excess funds of \$500,000 which could be returned to the City**, with a Total Base Budget in FY 14/15 of \$166,430,865, a 2.56% increase over current year's. With these adjustments to City-funded programs, the State Alliance funding would be used as follows:

Alliance Funding

Award: \$1,165,338
Carryover: \$628,469
Total Funds: \$1,793,807

ELA Coach	\$85,941
Read 180/Math 180	\$100,000
Link IT	\$50,000
Briggs	\$100,000
Alg II Curriculum	\$29,000
Social Studies Curriculum	\$15,000
World Language Curriculum	\$15,000
Subs for CCSS	\$25,000
Technology Coach Stipend	\$6,000
7 Common Core Instructional Site Directors	\$1,091,002
Total	\$1,516,943

Excess Funds in Alliance: \$276,863

The benefit of carrying excess funds in Alliance would allow us to continue to fund the same spending plan for Alliance in FY 15/16 as FY 14/15 providing we see a 10% increase in our award (the increase from this year to next was 29%). If flat funding is given in alliance in FY 15/16 we would have to reduce the alliance spending by \$115,000 in FY 15/16.

This also is based on the commitment from Dalio Foundation of \$900,000 to fund 5 Common Core Instructional Site Directors and Sandra Faios (a reading teacher at Briggs).