

The Affordable Care Act (ObamaCare) and its effect on Schools

Part of my job is to prepare a Five-Year Forecast which projects all of the District's revenue and expenses for the next five years. So when I hear about a new law that applies to our school district, the first thing that runs through my mind is "what is that going to cost us"? If it creates a new cost for the District, I have to add it into the expenses in our Forecast.

The Affordable Care Act (ObamaCare) is one of those new government programs that could add significant new costs for the school district. Under ACA, all individuals are compelled to purchase health insurance. You are expected to either purchase it from your employer or from the government through an "exchange" (insurance marketplace). If you don't purchase insurance, you will pay a \$750 tax to the IRS, and the school district will also have to pay a penalty of \$2,000 for each uninsured employee.

The other big change in the ACA is the definition of a full-time employee for purposes of qualifying for health insurance. The new law will define full-time employees as anyone employee who actually worked an average of 30 hours per week in the previous year. Currently we look at only "regular" employees (not subs) and their regularly contracted hours to determine eligibility for health insurance. Under the ACA, any employee (including subs) who worked an average of 30 hours or more per week will qualify for health insurance. This could significantly increase the amount of employees the District would have to provide health insurance for. With family coverage now at \$16,868.88 per year for the District's 88% share of the cost, this could be a significant new cost for the District. As much as I would like to see everyone have health insurance, unfortunately we have a limited amount of funds available to run the District. Increasing one cost like health insurance significantly would mean reducing something else to keep the budget balanced.

There was a story in the news this week about Youngstown City Schools capping the hours of all part-time employees to no more than 25 hours per week effective immediately. The change will ultimately save the District from the additional cost of health care coverage for part-time employees. Just as Youngstown has, The ACA will undoubtedly cause more school districts to limit part-time employee's hours to avoid the additional costs of health insurance.

Hope you are enjoying Spring Break and as always if you have any questions, please call me at 937-259-6610 or email me at jerry.ellender@madriverschools.org

Jerry Ellender, CPA

Treasurer/CFO