

The following is intended to be a brief summary of the “why” behind recent decisions regarding changes to employee hours, leave, and benefits for part-time classified employees and to answer frequently asked questions. Please contact your administrator for more detailed information.

ObamaCare (Affordable Care Act) At-A-Glance

ObamaCare (Affordable Care Act) – Requires an employer to offer affordable medical insurance to every employee working an average of 30 hours or more in a week. (The 30 hour average is taken over 9 months for 9 month employees and over 12 months for 12 month employees.)

- Beginning September 1, 2014, any Nebo District employee who met the 30 hour criteria from August 1, 2013 to July 31, 2014 must be offered medical insurance for the next 12 months.
- Cost Avoidance -- If an employer does not offer medical insurance to those who qualify, then the employer pays a \$2,000 penalty on *every* employee in the organization. This penalty for Nebo would be approximately \$7.5 million.
- Cost Avoidance -- To avoid the penalty Nebo would need to offer insurance to anyone working an average of 30 hours or more in a week. The cost for Nebo to provide insurance for employees working right at or near the 30 hour mark per week, who do not currently have insurance, would be approximately \$1 million a year.
- By capping the number of hours worked at 28.75 per week, Nebo will be able to avoid the costs of paying penalties or the costs of additional insurance payments.
 - Note: Some employees working between 20-30 hours a week have had the option of having insurance through the district, but most have not since 2006. About half of the employees in the district working exactly 30 hours a week had insurance and the other half did not. In making the changes required by ObamaCare, employees in the same category (working similar numbers of hours) could no longer have different benefit options.
- Cost Savings -- By removing insurance for all employees under 6 hours the district will save approximately \$220,000 a year. This was not the reason for the changes, but is something to make employees aware of.

Paid Time Off (PTO) At-A-Glance

PTO (Paid Time Off) – Time off that an employee can take for any reason and still receive compensation.

- PTO gives more flexibility to employees to take time off for reasons of their choosing.
- PTO removes the need for judgment decisions by supervisors when granting leave.
- PTO is generally better for those who use limited sick leave. (The average number of sick leave days used last year was 2.1 days/employee. Most employees will have 3 more PTO days than they had leave days.)
- Bereavement was left intact for employees earning PTO.
- Most employers, including school districts, do not have PTO for employees with less than 20-30 hours per week.
- There will still be an opportunity for unpaid time off for all part-time employees. Employees who earn PTO will have the opportunity to have 5 unpaid days off with supervisor approval. Employees who do not earn PTO will have the opportunity to have 10 unpaid days off with supervisor approval. Up to 5 additional unpaid days off can be taken with Director approval, if there are extenuating circumstances.
- Employees who begin a new position or increase their hours with the District after July 1, 2013, will need to be contracted to work 30 hours or more each week to qualify for PTO.
- Cost savings-- By removing paid leave for all employees under 20 hours a week the district will save approximately \$265,000 a year. This was not the reason for the changes, but is something to make employees aware of.

HB255 and HB193 (Retirement) At-A-Glance

HB255 and HB193 (Retirement) – These bills declare that an employee working 20 hours per week or more AND receiving benefits from the District qualifies for state retirement. “Benefit” as defined in the law includes “a leave benefit of any kind.”

- Education has been the only state employment agency where employees could qualify for state retirement at 20 hours. All other agencies required 30 hours of employment to qualify for state retirement. This legislation is designed to bring education into alignment with other agencies.
- These laws do not permit employers to remove the state retirement benefit for those who are receiving the benefit as of July 1, 2013.
- Removing PTO/Leave for current employees under 20 hours per week will allow the district to avoid the costs of paying retirement for those who bump over 20 hours per week. This also means that the District will not have to artificially cap these employees at 20 hours per week. Therefore, an employee could exceed this work time periodically, or for substitute, temporary, or seasonal assignments.
- Employees who begin a new position or increase their hours with the District after July 1, 2013, will need to be contracted to work 30 hours or more each week to qualify for PTO and state retirement.
- Cost Savings -- \$600,000 savings over time as new people are hired without state retirement benefit.

FAQ's

General

- **Have other districts/employers done this?** Yes. Many other districts and employers have already taken even more drastic measures than Nebo or already had similar practices in place. Daily news reports continue to announce more and more companies taking similar actions.
- **The letter said additional changes may be coming. What does this mean?**
 - Employees hired to begin work after July 1, 2013, will need to work 30 hours or more per week to qualify for PTO and district and state retirement. This also applies to employees currently working under 20 hours a week who begin a position of more than 30 hours a week after July 1.
 - Future IRS guidelines about medical insurance “affordability” and the current practice of charging employees prorated portions of the monthly premium may require changes to working hours and/or medical insurance coverage for employees working from 30 hours up to 40 hours a week.

Insurance

- **Can I still use Flex Spending accounts through the district?** Yes.
- **Can I still purchase Dental, Vision, and/or AFLAC coverage through the district?** Yes. These are voluntary plans and the employee pays 100% of the premium so they are not considered a “benefit.” The District also plans to offer supplemental Hospital, Accident, and Critical Illness plans for employees to purchase. This could be helpful to those who plan to seek insurance on the state/federal insurance exchange.
- **What is the state/federal insurance exchange?** This will be an insurance option for people to purchase insurance when it is not provided by their employer. There are still unanswered questions about the exchange, but some of the guidelines include: it is to be affordable, there are tax rebates for qualifying participants, and a person cannot be denied for pre-existing conditions. The latest information is that the exchange would be available around November of 2013.

- **What can I do to have medical insurance after August 31, 2013, until the exchange or other options become available?** COBRA coverage is available through the district. The supplemental plans listed above may also be an option.

Benefits

- **Can we have one year to use up sick leave?** Unfortunately, no. The district is trying to find an appropriate balance between crediting employees for unused sick leave and not having sick leave used unnecessarily. A massive use of sick leave in the coming year would cost hundreds of thousands of dollars. If you have heard even one person say, “I’m using up my sick leave by the end of the year,” you will understand why there cannot be a full year grace period. This is unfortunately an example of where the actions of a few negatively affect us all.
- **I’m being told to “use up” my sick leave and personal leave time so I don’t “lose” it. Is this good advice?** After the conversion formula (1:1 personal leave and 6:1 sick leave), an employee can carry over 25 days on July 1, 2013. To our knowledge, very few employees had more days than this even in mid-April. Therefore, whatever days an employee “uses up” before June 30 are likely just fewer days of PTO they will have for next year.
- **How many hours of PTO can an employee carry over?** The maximum number of days an employee can carry over to July 1, 2013, is 25 days (**updated from 20 days after April 15**). They will then be granted between 4-7 new days (based on years of employment) in addition to the carry over. (Meaning an employee could have up to 32 days on July 1, 2013)
 - Maximum carryover on July 1, 2014 is 20 days
 - Maximum carryover on July 1, 2015 is 15 days
 - Maximum carryover on July 1, 2016 and beyond is 10 days
 - Each year the employee will be granted between 4-7 days in addition to the days they have carried over.

Years Worked	PTO Allocation
Years 1-3	4 days
Years 4-9	5 days
Years 10-14	6 days
Years 15 & up	7 days

Hours

- **Will elementary librarians top out at 28.75 hours or still be based on enrollment?** As elementary school enrollments increase, the school will receive additional hours based on the enrollment. However, the maximum number of hours an individual employee can work will be 28.75 hours per week. Those already working more than 30 hours a week will remain where they are, unless/until the enrollment in their school declines.
- **If people are already over 28.75 hours will they keep those hours or be dropped to 28.75 hours?** Those working between 28.75 hours a week and 30 hours a week will be dropped to 28.75 hours per week.
- **Can part-time employees who are hired to work less than 20 hours per week sometimes work up to 28.75 hours per week?** Yes. They will not earn PTO but they can work more than 20 hours a week periodically, or in substitute, seasonal, or temporary jobs.
- **Are employees going to bounce back and forth between earning PTO and not earning PTO if their hours go back and forth from year to year?** Supervisors will be working hard to avoid having employee hours go back and forth across the 20 hour per week line each year.
- **Can part-time, non-year-round employees contracted to work more than 6 hours a day work extra days during the summer?** Yes. They already qualify for medical insurance and retirement so this would not introduce costs to the district.
- **Is there a maximum number of hours per month and/or per year that also needs to be tracked?** There are formulas related to monthly and yearly hours worked, but the best tracking mechanism

for the district to avoid penalties and costs is simply hours per week. Employees working more than 28.75 hours a week introduce potential insurance costs to the district. Employees working more than 20 hours a week introduce potential retirement costs to the district.

- **Does substitute work with Kelly Services count as part of the 28.75 hours per week?** No it does not. We are currently looking at the possibility of adding additional substitute areas under the direction of Kelly Services (food service, custodial, etc). This would help employees have the opportunity to work additional hours that would not negatively impact the district.

Retirement

- **Are employees who are currently contracted to work between 20-30 hours a week still eligible for the district separation plan payment, minus the supplemental?** Yes (see #2 below)
- **Am I losing my state retirement benefits?** No. If you currently work twenty hours a week or more and receive any district paid benefit (PTO, life and disability insurance, etc.), you will continue to accrue service in the Utah Retirement System.

There are two important programs that pertain to your retirement:

1. Utah Retirement System- This is your future monthly pension. You will accrue years of service if you work twenty hours a week or more and receive any district paid benefit (paid time off, life and disability insurance, etc.). You have to meet the following requirements to be eligible to retire from URS:

- *Age 65 with at least 4 years of service
- *Age 62 with at least 10 years of service (age reductions may apply)
- *Age 60 with at least 20 years of service (age reductions may apply)
- *Any Age with at least 25 years of service (age reductions may apply)
- *Any Age with at least 30 years of service

When you have met one of these requirements, you may choose to retire. This is your earned pension and cannot be taken from you.

2. Separation Payment Plan- Nebo School District provides separation payments to eligible and approved employees who retire in good standing. The Separation Payment Plan has two components, base and supplemental. Some employees may qualify for base only and some may qualify for both. You have to meet the following requirements to be eligible for the Separation Payment Plan:

Base Component

- 15 consecutive years of service in Nebo School District
- Eligible to and in fact retire from URS
- Good Standing in the district

Supplemental Component

- Be eligible for medical insurance benefits at time of retirement
- Have been eligible for medical insurance benefits over the past five consecutive years with Nebo School District.

The Separation Payment Plan is not an earned benefit and the District may, at any time and without notice, amend or terminate the Separation Payment Plan.