



S u p e r i n t e n d e n t M e m o r a n d u m

To: RTM Members
From: Dr. Toni Jones
Date: May 1, 2019
Re: Additional BOE Budget Information

Responses to Questions

1. What are the school NEW initiatives for 2019-2020?
 - Complete the addition of K-2 STEAM. (This is needed to also meet a planning time bargaining grievance for elementary teachers.) 1.9 FTE = \$142,500
 - Implement Innovative Learning, completing the Chromebook roll outs.
 - 6th grade: \$186,525
 - 7th grade: \$173,475
2. Question: Fairfield Public Schools had 10,287 students in the peak year 2011-2012 and has since steadily declined. In the same time period, the budget has climbed from \$146M to \$182M. Can you explain why and what will be done to rectify this?

The drivers to the budget since 2011 are primarily by fixed costs. The enrollment is also peaking at the high school which is more expensive per student to operate schools (chemistry lab equipment, graphics design equipment, automotive....). So, there are very few savings from lower enrollment numbers in terms of the operating budget. See below for some more detailed information.

For example, Budgeting for Materials...

High School Materials: \$481 budgeted per student
Middle School \$163 per student
Elementary \$137 per student

Actual Impacts

11-12 Actual Student Enrollment

High School 2,891 x \$481= \$1,392,014
Middle School 2,522 x \$163= \$411,086
Elementary 4,874 x \$137= \$667,738
10,287 students Total Allocation \$2,470,838

18-19 Actual Student Enrollment

High School 3,045 x \$481= \$1,464,645

Middle School 2,402 x \$163= \$391,526

Elementary 4,342 x \$137= \$594,854

9,789 students Total Allocation \$2,451,025

From 2011 through 2019 there are 498 Fewer Students.

Only \$19,813 less because the enrollment has increased at high school where costs are greater.

From 2011-2019 the following has transpired in terms of the Operating Budget:

1. The salaries have gone up on average 2% per year, which has been right in line with the average in Connecticut. Salaries are governed by collective bargaining which adheres to a legal process. Salaries increased: \$16,760,377
2. Benefits (primarily health) are subject to market increases. The school district has changed health plans to the CT. 2.0 in order to capture greater savings and changed non-certified pension benefits. However, even with more stringent plans, benefits increased \$8,887,387.
3. Buildings and Maintenance have increased \$2,000,272 as well 100,000 square feet has been added to FPS over this time period. In addition, the construction market calculates an estimated 5% escalation year to year, which would also apply to the large scale repairs and projects handled through the operating budget.
4. Bus transportation is required by law, and FPS only transports those children who are eligible under the law. While the company is out-sourced, the price of fuel, wages, and vehicle costs impact the overall contract. \$2,189,557
5. Tuition has increased \$2,215,306 and this tuition is required by law. FPS has demonstrated that costs are running efficiently and that new programs are reaping benefits from a fiscal standpoint, and also an educational standpoint. The primary driver is the market price of tuition which has risen from an average of \$58,664 per student in 2011 to \$89,694 per student in 2019.

Just the above 7 areas total an increase required of \$32,052,899 for these fixed costs.

6. The remaining portions of the budget fund everything from textbooks, technology, and classroom supplies. The increase in these categories has been \$4,639,708. On average, it's \$580,000 annually and is .3% of the budget and typical for price increases in the market for copy paper, textbooks, ink pens, whiteboard markers, photo copy machines and more...

3. Question: Can you provide information on CT 2.0 Savings?

Please see the attached AON report which estimates savings based on actual claims. However, it has been stated that CT 2.0 was \$10M underfunded this past year and rates may increase 8.5%. We are currently waiting to receive accurate insurance premium information from the state.

Attachment

TJ:mb



Fairfield Public Schools Healthcare Cost Review

Estimated Self Funded vs. State Partnership Plan 2.0

Med/Rx

November 16, 2018

Prepared by Health Solutions

Executive Summary

The purpose of this review is to compare the actual cost of the Fairfield BOE’s current insured health care benefits plan (medical & pharmacy) through the state of Connecticut Partnership Plan to the estimated self funded equivalent for the time period 7/1/2017 – 6/30/2018. The cost comparison is on total plan cost, without consideration for premium cost sharing by employees (i.e. employee contributions).

Based on this methodology, the current insured premium cost (\$25.70M) is below the estimated self funded cost (\$28.55M). The self funded alternative represents annual cost increase for this time period of \$2.85M, or 11.1%.

Comparison Methodology	
Self Funded Plan Alternative	State Partnership Plan Premium
+ paid claims ⁽¹⁾	Monthly premium ⁽¹⁾
+ administration fees estimated, based on latest actual cost, trended forward	Enrollment headcounts ⁽¹⁾
+ stop loss premium estimated, based on latest actual cost, trended forward	Plan change effective 10/1/17 resulted in premium rate reduction
- Estimated pharmacy rebates ⁽¹⁾	
- Claims in excess of \$300,000 ⁽¹⁾	
Individual Stop Loss (ISL) limit based on latest known level (\$300,000)	

⁽¹⁾Data provided by the State of Connecticut

Fairfield Public Schools—State Partnership Plan 2.0 Comparison

2017/2018 Plan Year Summary CT State Partnership Plan 2.0

Premium and Claim Experience

	Subs	Members	Paid Premium ⁽¹⁾	Medical Claims ⁽¹⁾	Pharmacy Claims ⁽¹⁾	Total Claims	Loss Ratio
Jul-17	1,335	3,394	\$2,281,523	\$1,831,820	\$519,254	\$2,351,074	103.0%
Aug-17	1,334	3,391	\$2,283,323	\$2,028,761	\$552,445	\$2,581,206	113.0%
Sep-17	1,334	3,415	\$2,247,021	\$1,906,698	\$469,305	\$2,376,003	105.7%
Oct-17	1,337	3,433	\$2,311,305	\$1,753,426	\$462,590	\$2,216,016	95.9%
Nov-17	1,333	3,416	\$2,314,044	\$1,996,622	\$412,722	\$2,409,344	104.1%
Dec-17	1,334	3,419	\$1,725,469	\$1,403,858	\$443,631	\$1,847,489	107.1%
Jan-18	1,334	3,413	\$2,085,492	\$2,317,453	\$534,207	\$2,851,660	136.7%
Feb-18	1,332	3,402	\$2,087,439	\$1,842,460	\$445,813	\$2,288,273	109.6%
Mar-18	1,334	3,405	\$2,086,491	\$1,917,617	\$465,257	\$2,382,874	114.2%
Apr-18	1,333	3,417	\$2,075,641	\$1,485,847	\$462,882	\$1,948,729	93.9%
May-18	1,335	3,421	\$2,093,851	\$1,978,632	\$550,939	\$2,529,571	120.8%
Jun-18	1,336	3,417	\$2,104,282	\$1,486,366	\$484,700	\$1,971,066	93.7%
Total	1,334	3,412	\$25,695,881	\$21,949,560	\$5,803,745	\$27,753,305	108.0%

⁽¹⁾ as reported by State of Connecticut

Comparison of Actual Fully Insured v. Estimated Self Funded Cost

Self Funded Cost Determination		
	Paid Claims	\$27,753,305
	(less) Claims in Excess of ISL	(\$587,152)
	Net Claims	\$27,166,153
	(plus) Estimated Administration @ \$45.57/ee/mo ⁽²⁾	\$729,614
	(plus) Estimated ISL @ \$58.98/ee/mo ⁽³⁾	\$944,255
	(less) Paid Rebates ⁽¹⁾	(\$290,187)
	Total Estimated Self Funded Cost	\$28,549,834
	Total Fully Insured Cost	\$25,695,881
	Change (Estimated Savings)	\$2,853,953

⁽¹⁾ as reported by State of Connecticut

⁽²⁾ based on finalized administration fees paid during the 15/16 fiscal year, trended for two years at a rate of 2.0%

⁽³⁾ based on finalized Stop Loss premiums paid during the 15/16 fiscal year, trended for two years at a rate of 10.0%

⁽³⁾ renewal increase of 10.0% based on 2017 Aegis Medical Stop Loss Premium Survey

Stop Loss Adjustment

Claimants Exceeding \$300,000 ⁽¹⁾		Med/Rx
(5 claimants in total)		
		\$603,399
		\$443,779
		\$355,351
		\$354,749
		\$329,874
	Total	\$2,087,152
	Removed from Claim Base (>\$300,000)	\$587,152