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Ahead of health reform, Granite district cuts part-time workers' hours

New law • Businesses will be mandated to offer insurance to those who work over 30 hours a week.

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Hundreds of part-time workers in the Granite School District will see their hours trimmed beginning next week, a district strategy for reducing the costs of health reform.

By January 2014, employers with more than 50 employees must offer health insurance to those working 30 or more hours weekly.

For Granite, which has never provided health benefits for part-time hourly workers, the Affordable Care Act's price tag is potentially just too steep, said Donnette McNeill-Waters, the district's Human Resources Director.

"For us, it was \$14 million plus," according to district estimates, she said.

The district sent letters about the policy to 5,200 hourly workers on Feb. 27. Those ranks include so-called "classified workers," who are para-educators, substitute teachers, clerks, food services workers, bus drivers, community education teachers, security officers and others.

They are not allowed to work more than 30 hours a week, and most already work less, McNeill-Waters said. Between 1,000 and 1,200 workers at the district's 92 schools are expected to see their hours reduced, she said.

"It's not a benefit loss, it's an hours loss. For most people it will only be an hour per week lost," said McNeill-Waters, who also acknowledged that the change "just doesn't feel good to employees."

The letter advised workers to talk with their supervisors about the new policy and said violating the new rules by working more than 29 hours could result in termination.

"I don't think we really want to terminate anyone," said district spokesman Ben Horsley. "But we do want to make them aware of the challenges we face."

Granite could be assessed tax penalties if hourly staff violate the 29 hour rule, McNeill-Waters said. Employee hours are being reduced now because the law requires the use of employment data from 2013 to calculate how many workers will be eligible for coverage next year.

The Utah School Employees Association, which advocates on behalf of classified employees statewide, believes restricting their hours won't ultimately benefit the district, Geoff Leonard said.

"We believe that course is short-sighted and, over the long term, will reduce the level of service provided to the district's students and patrons," said Leonard, USEA's staff attorney. "Limited-hour positions without benefits tend to attract a less skilled, transitory work force less committed to the goals of the district as they move on in search of a job with compensation that will allow them to provide for their families."

The rules of health reform, which will likely change even before 2014, present challenges for every Utah school district, McNeill-Waters said. District administrators statewide are sharing ideas, but there is no single solution because there's no uniform approach to how each handles its classified workers.

"We're all scrambling to deal with this," McNeill-Waters said.

Davis School District administrators have not yet made any decisions about how to deal with the new mandate, said spokesman Chris Williams.

"What this all comes down to is how a school district makes ends meet," said Williams, adding that Davis officials are interested in the ways other districts are addressing the requirement.

District administrators in Ogden are also still assessing the impact of the act, district spokeswoman Donna Cornby said.

"We're counting employees, we're looking at hours, we're looking at benefits packages and we're crunching numbers," Cornby said.

Judi Hilman, executive director of the Utah Health Policy Project, said Granite's policy appears to be "at odds with the spirit of the Affordable Care Act, which is to minimize barriers to coverage."

It also seems to contradict Granite's commitment to its ongoing partnership with UHPP and the United Way aimed at getting all uninsured students and their families enrolled in insurance, Hilman said. Restricting employee hours could potentially push some workers into an insurance gap, if they don't qualify for programs such as Medicaid or can't afford to purchase insurance on their own, she said.

"We all need to be facing in the same direction and that's toward a culture of coverage," said Hilman, adding she hopes Granite had "run the numbers" before making the change.

Granite calculated a mock budget for one of its schools, adding in the projected costs of providing health insurance for each of its classified employees. Those costs can run as much as \$14,000 per employee, Horsley said.

"When we tallied up the budget increase, it was in the \$830,000-plus range," McNeill-Waters said.

To cover those costs, the district would have to find additional revenue or cut school services or part time staff hours by approximately 40 percent, she said.

"For us, this is about services to kids," McNeill-Waters said. "We can't have those hours reduced."

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