

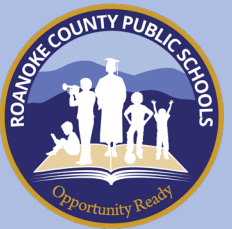


2025-2026 Budget Work Session

March 6, 2025

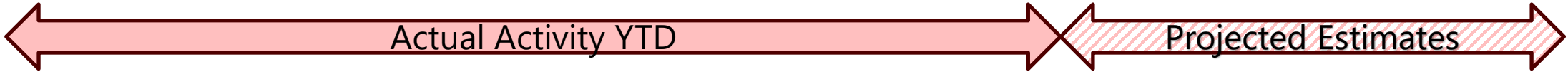
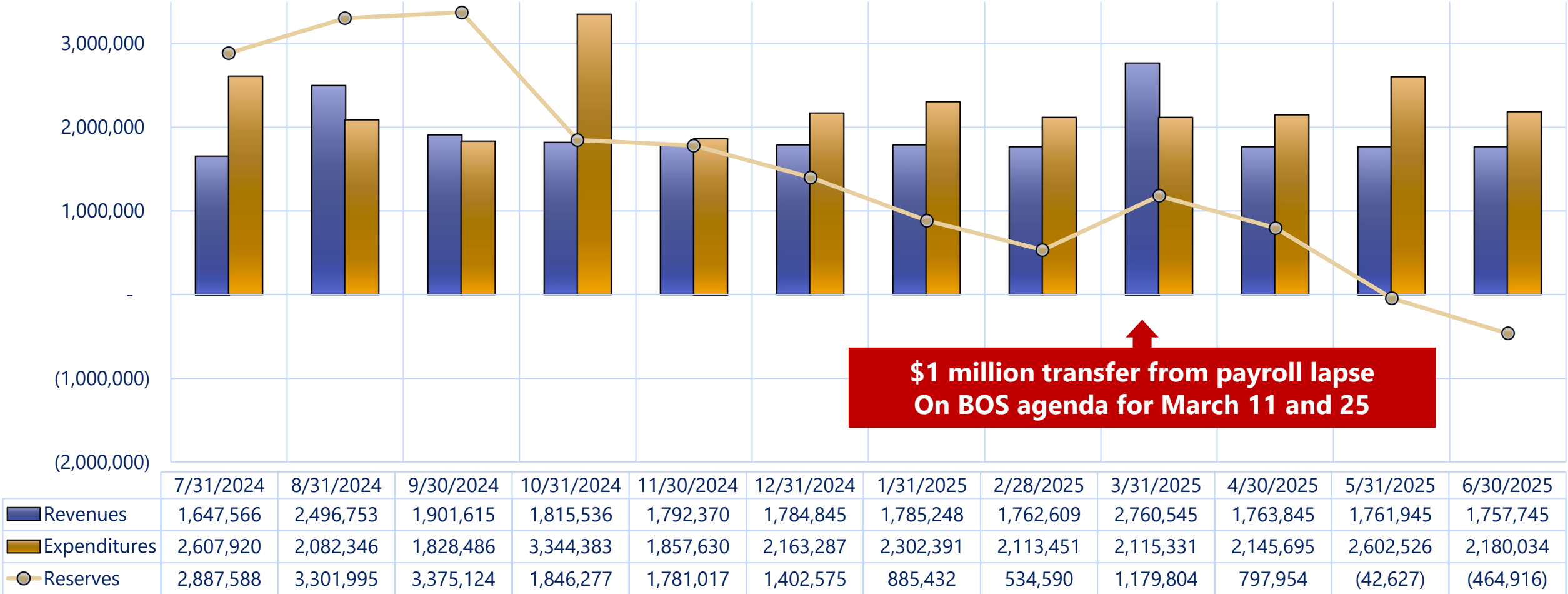
Current Year Update ♦ Health Insurance ♦ Revenue Update ♦ Department Budgets

Current Year Update





2025 Health Insurance Claims Exposure





Short-term Strategies

- Request BOS to approve transfer of **\$1.0 million** from payroll lapse ✓
- Request BOS to appropriate new funds to facilities for **\$191,524** ✓
- Consider not contributing \$92,290 to the OPEB Trust from the Health Insurance Fund for fiscal year 2025 ✓
- Other balances on hold for now

	Current Balance	Avis Check	Remaining Balance
Minor Capital special projects	1,428,515.85	191,524	1,620,039.85
Major Capital special projects	1,901,319.81		1,901,319.81



Covering Budget Exposures

Payroll lapse from 7/1/24 to 2/28/25	2,850,442	
Payroll lapse for open positions 3/1/25 to 6/30/25	<u>1,707,092</u>	4,557,534
Revenue deficit due to lower ADM	(559,330)	
Maximum exposure for PTO/Sick payouts	(682,094)	
Maximum exposure for electricity overruns	(803,000)	
Bonus payment for filled positions June 2025*	(931,503)	
Transfer payroll lapse to Health Insurance Fund	<u>(1,000,000)</u>	(3,981,300)
Net remaining payroll lapse		<u>576,234</u>

*Estimate presented during the February 13 Work Session. It is the local portion if RCPS provided \$1,000 payment (\$646 net) to all filled positions. The General Assembly officially adopted this for a June 2025 payment and allows the amount to be reduced.



Long-term Strategies Considered

Change Plan Design

- Yes – added 3rd Option & HMO option

Add a 2% margin to premiums

- Yes – this was in the claims cost estimate

Eliminate school couple rate

- No – we lowered it to help employees

Charge higher premium for retirees

- No – it would have reversed benefit of \$3000 for EEWP

Consider Going Fully Insured

- No – it would have increased our costs by 5.0% to 7.5% (\$1.2 to \$1.8 million)



Long-term Strategies Considered

Learn about hybrid insurance

- Learned about different plans and adding HMO

Aggregate stop loss

- Effective when 125% over claims estimate (not useful)

Medical Clinic ROI

- School Board voted to discontinue

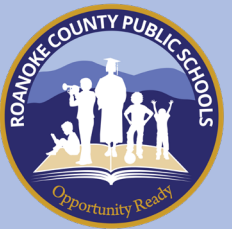
OPEB Trust

- Agreed to revised funding schedule FY27

\$2.2 million fleet transfer

- Moved one-time transfer from fleet to Health Fund of \$2.2 million
- Added another \$433,397

Health Insurance





Insurance Rate Changes

Third Plan Option Added

- Health Keepers HMO
- \$3,400 deductible
- Estimate migration of 25%

Health Savings Account (HSA)

- Attached to Health Keepers \$3,400
- \$1,200 for single coverage
- \$2,400 for non-single coverage

Employer Contributions

- Vary by insurance coverage tier
- Remain consistent across plan options

Family School Couple

- Increased employer contribution
- Higher savings to employees

Non-Wellness Rates

- Non-wellness rates eliminated
- Wellness incentives will continue but tied to Employer contributions for HRA or HSA

Contract Terms

- For analysis purposes, all rates are based on 12-month contracts



Health Keepers HMO

- Disruption is minimal
 - 98.4% of current PPO providers are in the HMO network
- An employee/retiree must live or work in VA to enroll
 - Some retirees live out of state
 - Want to maintain one PPO plan

Provider Name	Grouping	Specialty Type	#
Bauer V Daniel	PCP	Internal Medicine	4
Clark Carolyn	PCP	Internal Medicine	4
Cronk H Paul	Specialist	Chiropractic	3
Culkin F Bonnie	PCP	Family Practice	7
Dellabadia John	PCP	General Practice	1
Doria W Joseph	Specialist	Neurology	1
Free Motion Physical Therapy	Specialist	Physical Therapist	2
Haas A Colleen	Specialist	Chiropractic	1
Haas S Michael	Specialist	Chiropractic	2
Hagan Charlotte	Specialist	Psychiatry	1
Hussey B Stephen	Specialist	Chiropractic	2
II Jones N Ezekiel	PCP	Family Practice	9
II Mollica James Philip	Specialist	Chiropractic	1
III Dorsett D Richard	Specialist	Chiropractic	2
Jaeger M Anne	PCP	Internal Medicine	4
Keeter A Elizabeth	Specialist	Chiropractic	3
May M Troy	Specialist	Chiropractic	7
Nguyen Hoang Son	PCP	Internal Medicine	3
Pivot Physical Therapy	Specialist	Physical Therapist	12
Rich C Daryl	Specialist	Chiropractic	16
Schueler Donald Mark	Specialist	Chiropractic	1
Shepherd Austin Brian	Specialist	Chiropractic	8
Subei O Mhd	PCP	General Practice	1
Trochim Lloyd Aaron	Specialist	Chiropractic	1
Wilson Kendall Howard	Specialist	Chiropractic	3



HRA versus HSA

	Health Reimbursement (HRA)	Health Savings (HSA)
Employer Contributions	\$500 single / \$1,000 non-single	\$1,200 single / \$2,400 non-single
Employee Contributions	No	\$4,300 single / \$8,550 non-single*
Account Owner	Roanoke County Public Schools	Employee
Fund Use	Qualified medical, Rx, dental, vision	Qualified medical, Rx, dental, vision Can be used outside employer's plan
Deductible/OOP Max	As specified in health insurance plan	Minimums specified by IRS code
FSA	Can use flexible spending account	Replaces flexible spending account
Rollover	Limited to \$25,000	100%, always
Leave Plan (Not RCPS)	No new contributions Use for COBRA, otherwise reverts to RCPS	No new contributions Qualified medical, Rx, dental, vision
Retiree	No new contributions Qualified medical expenses	No new contributions Qualified medical, Rx, dental, vision
Terminate	No new contributions Use for COBRA, otherwise reverts to RCPS	No new contributions Qualified medical, Rx, dental, vision



Health Insurance Plans – Draft Option A

		Key Care PPO 1000		Key Care PPO 2000		Health Keepers HMO 3400	
		Individual	Family	Individual	Family	Individual	Family
Employer HRA or HSA contribution		\$500	\$1,000	\$500	\$1,000	\$1,200	\$2,400
Deductible (first pay)	in-network	\$1,000	\$2,000	\$2,000	\$4,000	\$3,400	\$6,800
	out-of-network	\$1,500	\$3,000	\$3,000	\$6,000	\$4,000	\$8,000
Employee Coinsurance	in-network	20%	20%	20%	20%	20%	20%
	out-of-network	40%	40%	40%	40%	40%	40%
Maximum out-of-pocket	in-network	\$3,500	\$7,000	\$5,000*	\$10,000*	\$6,000	\$12,000
	out-of-network	\$5,250	\$10,500	\$7,500	\$14,000	\$7,500	\$14,000
Retail prescription copays		\$10 / \$25 / \$40 20% of Rx up to \$100		\$10 / \$40 / \$80 20% of Rx up to \$200		\$10 / \$40 / \$80	
Mail order prescription copays		2x Retail		2x Retail		- 2x Retail	
Prescription maximum out-of-pocket		\$2,500	\$10,000	Combined w/ medical		Combined w/ medical	

Routine Wellness Visits are 100% free to employee, otherwise deductible must be covered before coinsurance kicks in. Prescriptions in HRA are ONLY subject to copays. Prescriptions in HSA are subject to deductible before copays kicks in.

*Anthem honored the maximum in-network out of pocket of \$4,000 and \$8,000 for the KC 2000 plan as approved by the School Board for school year 2024-2025, however it will go to the actual rates of \$5,000 and \$10,000 for 2025-2026.



Health Insurance Premiums – Draft Option A

2025 Key Care 1000 (PPO)					2026 Key Care 1000 (PPO)					
	EE	ER	Premium	HRA		EE	ER	Premium	HRA	EE ▲
Single	115.80	656.14	771.94	500		185.00	740.00	925.00	500	69.20
Employee + Minor	405.28	752.64	1,157.92	1,000		499.50	888.00	1,387.50	1,000	94.22
Employee + Spouse	694.74	849.14	1,543.88	1,000		814.00	1,036.00	1,850.00	1,000	119.26
Family	868.44	1,061.42	1,929.86	1,000		1,054.50	1,258.00	2,312.50	1,000	186.06
Family for School Couple	578.96	1,350.90	1,929.86	1,000		536.50	1,776.00	2,312.50	1,000	-42.46
2025 Key Care 2000 (PPO)					2026 Key Care 2000 (PPO)					
	EE	ER	Premium	HRA		EE	ER	Premium	HRA	EE ▲
Single	64.46	580.10	644.56	500		113.50	740.00	853.50	500	49.04
Employee + Minor	290.06	676.78	966.84	1,000		392.26	888.00	1,280.26	1,000	102.20
Employee + Spouse	515.64	773.48	1,289.12	1,000		671.00	1,036.00	1,707.00	1,000	155.36
Family	644.56	966.84	1,611.40	1,000		875.76	1,258.00	2,133.76	1,000	231.20
Family for School Couple	402.86	1,208.54	1,611.40	1,000		357.76	1,776.00	2,133.76	1,000	-45.10
					2026 Health Keepers 3400 (HMO)					
					EE	ER	Premium	HSA		
					0.00	740.00	740.00	1,200		
					222.00	888.00	1,110.00	2,400		
					444.00	1,036.00	1,480.00	2,400		
					592.00	1,258.00	1,850.00	2,400		
					74.00	1,776.00	1,850.00	2,400		



Health Insurance Plans – Draft Option B

		Key Care PPO 1000		Health Keepers HMO 2000		Health Keepers HMO 3400	
		Individual	Family	Individual	Family	Individual	Family
Employer HRA or HSA contribution		\$500	\$1,000	\$500	\$1,000	\$1,200	\$2,400
Deductible (first pay)	in-network	\$1,000	\$2,000	\$2,000	\$4,000	\$3,400	\$6,800
	out-of-network	\$1,500	\$3,000	\$3,000	\$6,000	\$4,000	\$8,000
Employee Coinsurance	in-network	20%	20%	20%	20%	20%	20%
	out-of-network	40%	40%	40%	40%	40%	40%
Maximum out-of-pocket	in-network	\$3,500	\$7,000	\$5,000*	\$10,000*	\$6,000	\$12,000
	out-of-network	\$5,250	\$10,500	\$7,500	\$14,000	\$7,500	\$14,000
Retail prescription copays		\$10 / \$25 / \$40 20% of Rx up to \$100		\$10 / \$40 / \$80 20% of Rx up to \$200		\$10 / \$40 / \$80	
Mail order prescription copays		2x Retail		2x Retail		-	
Prescription maximum out-of-pocket		\$2,500	\$10,000	Combined w/ medical		Combined w/ medical	

Routine Wellness Visits are 100% free to employee, otherwise deductible must be covered before coinsurance kicks in. Prescriptions in HRA are ONLY subject to copays. Prescriptions in HSA are subject to deductible before copays kicks in.

*Anthem honored the maximum in-network out of pocket of \$4,000 and \$8,000 for the KC 2000 plan as approved by the School Board for school year 2024-2025, however it will go to the actual rates of \$5,000 and \$10,000 for 2025-2026.



Health Insurance Premiums – Draft Option B

	2025 Key Care 1000 (PPO)				2026 Key Care 1000 (PPO)				
	EE	ER	Premium	HRA	EE	ER	Premium	HRA	EE ▲
Single	115.80	656.14	771.94	500	185.00	740.00	925.00	500	69.20
Employee + Minor	405.28	752.64	1,157.92	1,000	499.50	888.00	1,387.50	1,000	94.22
Employee + Spouse	694.74	849.14	1,543.88	1,000	814.00	1,036.00	1,850.00	1,000	119.26
Family	868.44	1,061.42	1,929.86	1,000	1,054.50	1,258.00	2,312.50	1,000	186.06
Family for School Couple	578.96	1,350.90	1,929.86	1,000	536.50	1,776.00	2,312.50	1,000	-42.46
	2025 Key Care 2000 (PPO)				2026 Health Keepers 2000 (HMO)				
	EE	ER	Premium	HRA	EE	ER	Premium	HRA	EE ▲
Single	64.46	580.10	644.56	500	93.14	740.00	833.14	500	28.68
Employee + Minor	290.06	676.78	966.84	1,000	361.72	888.00	1,249.72	1,000	71.66
Employee + Spouse	515.64	773.48	1,289.12	1,000	630.28	1,036.00	1,666.28	1,000	114.64
Family	644.56	966.84	1,611.40	1,000	824.86	1,258.00	2,082.86	1,000	180.3
Family for School Couple	402.86	1,208.54	1,611.40	1,000	306.86	1,776.00	2,082.86	1,000	-96.00
					2026 Health Keepers 3400 (HMO)				
					EE	ER	Premium	HSA	
					0.00	740.00	740.00	1,200	
					222.00	888.00	1,110.00	2,400	
					444.00	1,036.00	1,480.00	2,400	
					592.00	1,258.00	1,850.00	2,400	
					74.00	1,776.00	1,850.00	2,400	



Health Insurance Fund Budget

Health Insurance Cost – Draft Option A

Premiums	26,060,720
Transfer from General Fund	2,633,397
Interest	100,000
Total Revenues	28,794,117

Paid claims	23,121,500
HRA and HSA contributions	1,309,500
Contractual services (clinic)	206,400
Professional services (consultant)	50,000
Computer software (ALEX)	37,300
Flu shots	25,000
ACA taxes & fees	10,400
Total Expenditures	24,760,100

Net Revenue/Expenditures	4,034,017
--------------------------	------------------

Health Insurance Cost – Draft Option B

Premiums	25,854,124
Transfer from General Fund	2,633,397
Interest	100,000
Total Revenues	28,587,521

Paid claims	22,914,400
HRA and HSA contributions	1,309,500
Contractual services (clinic)	206,400
Professional services (consultant)	50,000
Computer software (ALEX)	37,300
Flu shots	25,000
ACA taxes & fees	10,400
Total Expenditures	24,553,000

Net Revenue/Expenditures	4,034,521
--------------------------	------------------

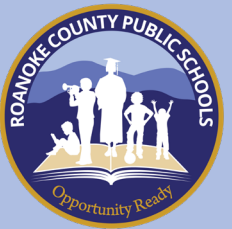


Stop Loss Changes Over Time



Expect quotes in April – will review levels

Revenue Updates





Revenue Sharing Formula – Steps 1 & 2

1. Calculate 3-Year Average

	ADM	Population	ADM/ Population	
FY2023 (actual)	13,353	96,605		
FY2024 (actual)	13,347	96,519		
FY2025 (budgeted)	13,336	96,497		
Sum of FY 2023-25	40,036	289,621	13.8236	a
FY2024 (actual)	13,347	96,519		
FY2025 (budgeted)	13,336	96,497		
FY2026 (projecting)	13,160	96,519		
Sum of FY 2024-26	39,843	289,535	13.7610	b

2. Calculate Net Allocation Change

Difference in the ADM/Pop Index	a-b=	0.06255	c
Payroll Factor		61.37%	d
Index times Payroll Factor	c*d=	0.038391	e
Index times Payroll Factor divided by Avg. of FY 2023-25 Index	e/b=	0.002790	f
Net allocation change	100%-f=	0.997210	g



Revenue Sharing Formula – Step 3

3. Calculate Increase/(Decrease) in Transfer	2025	2026	Change
Property and Local Taxes	228,300,327	237,391,500	9,091,173
Comprehensive Services Act Contribution	(2,179,000)	(2,929,000)	(750,000)
Roanoke Valley Convention and Visitors Bureau	(878,571)	(964,285)	(85,714)
Economic Development (South Peak CDA)	(800,000)	(800,000)	0
Economic Development (Vinton Hotel Redevelopment)	(150,000)	(150,000)	0
Economic Development (Mack Trucks Expansion)	0	(120,345)	(120,345)
Economic Development (William Byrd Apartments)	(100,000)	(100,000)	0
Economic Development (Mack Trucks)	(100,000)	(100,000)	0
Economic Development (Vinyard Station)	(40,000)	(40,000)	0
Economic Development (Gish Mill)	0	(40,000)	(40,000)
Economic Development (Roland E Cook Apartments)	(15,000)	(15,000)	0
Net Property and Local Taxes	224,037,756^h	232,132,870	8,095,114ⁱ
School Allocation Percentage	41.3073%^j	41.1920%^k	-0.1152%
School Transfer Base	92,543,849 ^l	92,285,670	(258,179)
RCPS Portion of New Revenue	0	3,334,542 ^{i*k=}	3,334,542
Transfer	92,543,849	95,620,212	3,076,363
Transfer	92,543,849	95,620,212	3,076,363
Comprehensive Services Act Contribution	2,179,000	2,929,000	750,000
Total Transfer from County	94,722,849	98,549,212	3,826,363



Revenue Sharing Formula –Budget v Actuals

	2020	2021 Change	2021	2022 Change	2022	2023 Change	2023	2024 Change	2024
County revenue surplus	<u>2,276,393</u>		<u>11,459,599</u>		<u>14,329,913</u>		<u>4,880,841</u>		<u>1,111,791</u>
County shared revenue - actual	172,621,333		180,524,671		189,457,741		204,275,048		219,317,658
County shared revenue - budget	<u>170,932,060</u>		<u>165,582,340</u>		<u>175,656,911</u>		<u>194,464,709</u>		<u>213,912,000</u>
Difference	<u>1,689,273</u>		<u>14,942,331</u>		<u>13,800,830</u>		<u>9,810,339</u>		<u>5,405,658</u>
Transfer - if trued up to actual	71,209,689		74,277,220		77,562,005		82,576,267		89,010,515
Transfer - based on budget	<u>70,499,722</u>	(2,470,354)	<u>68,029,368</u>	3,792,122	<u>71,821,490</u>	6,725,479	<u>78,546,969</u>	8,235,091	<u>86,782,060</u>
Difference	709,967		6,247,852		5,740,515		4,029,298		2,228,455
Mid-year projection increase	-		1,681,342		-		-		-
Difference	<u>709,967</u>		<u>4,566,510</u>		<u>5,740,515</u>		<u>4,029,298</u>		<u>2,228,455</u>
									17,274,745

Methodology:

Identified County revenue surplus from BOS reports.

Ran actual final revenue shared in the agreement through revenue sharing agreement, with no other changes.

Compared School transfer based on actual final shared revenues versus budgeted shared revenues.



Summary of Revenue Changes



Revenue line item	Governor's	Senate & House
State revenue	846,125	4,174,390
Roanoke County revenue (including \$750,000 CSA increase*)	3,826,363	3,826,363
CSA billings for speech language pathologist for private day students*	86,000	86,000
Increase in Online Academy fees due to participation	63,185	63,185
Nonresident tuition increased due to participation	30,500	30,500
Interest income	12,567	12,567
Alternative Ed revenue	2,169	2,169
National Forest Reserves grant moved to grant fund	(3,500)	(3,500)
Preschool employee tuition	(10,000)	(10,000)
Transcript fee is not allowed to be charged to students going forward	(11,000)	(11,000)
Dual enrollment may not be allowed to charge fees going forward*	(375,000)	(375,000)
Estimated revenue changes	4,467,409	7,795,674

Department Budget Updates





Baseline Budget Changes



Department	2025 Budget	Reduction	Transfers	2026 Budget
Administration	1,032,390	(20,332)	(11,750)	1,000,308
School board	202,468	(13,400)	7,500	196,568
Elementary instruction	606,092	(23,784)	(360)	581,948
Finance	23,881,477	-	(1,500)	23,879,977
Human resources	10,204,656	(32,000)	(23,887)	10,148,769
IT services	1,922,766	-	(5,600)	1,917,166
Facilities and operations	14,719,064	-	17,543	14,736,607
School counseling	95,283	(500)	10,000	104,783
Pupil personnel services	1,112,440	-	(3,250)	1,109,190
Secondary instruction	1,612,076	(11,410)	(300)	1,600,366
Superintendent	84,000	(14,000)	(2,900)	67,100
Career and technical education	316,821	(2,040)	14,684	329,465
Testing and remediation	689,659		(180)	689,479
Department totals	56,479,192	(117,466)	-	56,361,726



Department Requests



Department	Request	Amount
Administration	Middle school assistant coach stipends (baseball, basketball, soccer, softball, volleyball, wrestling)	77,508
	Athletic allotments	50,000
Finance	Fleet Replacement Plan – recurring transfer place on hold 1 year	(2,700,000)
	Textbook Adoption Plan – recurring transfer adjustment	(500,000)
	Technology Replacement Plan – recurring transfer adjustment	330,469
	Capital projects – NHS turf replacement (County will match)	25,000
	Capital projects – Joint Capital Fund Policy	530,000
	Health insurance reserves – infuse cash 1 year	2,633,397
	CSA transfer (relates to increase in CSA revenue)	750,000
	SB1017 requirement to pay total unpaid meal balances annually	100,000



Department Requests



Department	Request	Amount
Human resources	Total for a raise of 1-step, approximately 1.6% raise	750,559
	Total for a raise of 3.1%, includes 1-step plus 1.5% scale shift	2,837,341
	Employee extended work plan	20,000
	Eliminate 19 positions	(1,286,046)
	Increase paid time off pay out	350,000
	Health insurance – low estimate (Governor's budget)	2,624,113
	Health insurance – high estimate (Conference budget)	3,865,596
Facilities and operations	Add 1 transportation special education route manager	79,165
	Electricity	850,000



Department Requests



Department	Request	Amount
School counseling	Add 1 secondary school counselor floater 200 day	81,880
Pupil personnel services	Add 1 speech language pathologist for private day students (relates to increase in CSA Revenue)	86,000
	Add 1 nurse	82,120
	Add 5 national board certificate psychology stipends	13,460
Secondary instruction	Dual enrollment tuition paid (relates to reduction in revenue)	(375,000)
	Music uniform cleaning and alterations	7,250
	Interpreting and translation costs	5,000
Other Unfunded		
The following requests are left over from prior year.		
	Convert 5 athletic directors from 240 to 260	46,830
	Convert 2 administrative assistants to administrative analysts	5,710



What's Next?

- Mar 13 – Work Session 4
 - Superintendent's Budget
- Mar 20 – Adopt Budget
- Mar 24 – Last Day for Governor's action on legislation
- Apr 2 – Reconvened Session
- Apr 8 – Present budget to BOS

