Partnership FOR CHILDREN
OF CUMBERLAND COUNTY

Human Resource Committee Meeting Agenda
Quorum = 3 (50%) (Total Committee Members = 6)
Tuesday, November 18, 2025
12:30 p.m. – 2:00 p.m.
Partnership for Children of Cumberland County, Fayetteville, NC

Be the Driving Force *to meet our roles and responsibilities as a committee by:*

- *Recommending personnel strategies*
- *Ensuring labor level compliance*
- *Providing guidelines for HR policy strategies*

I. Call to Order & Chair Comments – Lonnie Ballard

A. Welcome

B. Agenda Items

II. Action Items *

A. Approval of Minutes for August 19, 2025 – Open Session

B. Policy Revisions: Business Travel Expenses (312) and Vehicle Usage (522), effective January 1, 2026.

III. Committee Workshop Progress Review

IV. Information ∆

A. Federal Grants Update and Personnel Impact

B. Paylocity HRIS Transition – New Payroll Vendor January 2026

C. Healthcare Costs 2026 – Trend and PFC Budget Outlook

D. Holiday Schedule Discussion – Adding President's Day and Columbus Day

E. Staffing Updates

1. Open Positions –Early Literacy and Play Coordinator, Communications & Digital Media Specialist
   a. Candidates can apply at https://www.indeed.com/cmp/Partnership-For-Children-of-Cumberland-County/about

***Needs Action**
∆ Information Only

351 Wagoner Dr. • Suite 200 • Fayetteville, NC • 28303
(910) 867-9700 • Fax (910) 867-7772
www.ccpfc.org

NORTH CAROLINA NC Pre-K Prekindergarten Program

a partner in the smart start network

Be the Driving Force.

Partnership FOR CHILDREN

OF CUMBERLAND COUNTY

Upcoming Committee Meetings

MEETING	MEETING DATE	MEETING TIME
Executive	November 20, 2025	9:00 am – 11:00 am
Planning and Evaluation	December 2, 2025	1:00 pm – 3:00 p.m.
Facility & Tenant	December 8, 2025	11:30 am – 1:00 pm
Board of Directors / NC Pre-K	December 11, 2025	12:00 pm – 2:00 pm
Community Engagement	January 8, 2026	8:30 am – 10:30 am
Facility & Tenant	January 12, 2026	11:30 am – 1:00 pm
Board Development	January 14, 2026	9:00 am – 10:30 am
Finance	January 15, 2026	3:00 pm – 5:00 pm
Executive	January 29, 2026	9:00 am – 11:00 am
Family Connects	February 3, 2026	3:00 pm – 4:00 pm
Planning and Evaluation	February 3, 2026	1:00 pm – 3:00 p.m.
CCR&R	February 12, 2026	9:00 am – 11:00 am
Facility & Tenant	February 16, 2026	11:30 am – 1:00 pm
Human Resources	February 17, 2026	12:30 pm – 2:00 pm
Board of Directors / NC Pre-K	February 26, 2026	12:00 pm – 2:00 pm

Upcoming Events/Volunteer Opportunities

EVENT	DATE	LOCATION	CONTACT
Grilled Cheese Festival	November 15, 2025	Dirtbag Ales	dmalvesti@ccpfc.org
Little Land	March 14, 2026	Expo Center	dmalvesti@ccpfc.org

Holiday Schedule

HOLIDAY	DATE CLOSED
Thanksgiving	November 26-28, 2025
Christmas	December 24-January 2
Martin Luther King Jr.	January 19, 2026

351 Wagoner Dr. • Suite 200 • Fayetteville, NC • 28303
(910) 867-9700 • Fax (910) 867-7772
www.ccpfc.org

NORTH CAROLINA NC Pre-K Prekindergarten Program

a partner in the smart start network

Be the Driving Force.

Partnership for Children of Cumberland County, Inc.
Human Resource Committee Meeting Minutes
August 19, 2025 (12:30p – 2:00p)
Be the Driving Force

MEMBERS PRESENT: Lonnie Ballard, Van Gunter, Heather Skeens (virtual)
MEMBERS ABSENT: Terrasine Gardner, Lisa Childers
NON-VOTING ATTENDEES: Anthony Ramos, Mary Sonnenberg

AGENDA ITEM	DISCUSSION & RECOMMENDATION	ACTION	FOLLOW-UP
I. Call to Order	The scheduled meeting of the Human Resource Committee was held in Fayetteville, NC at Partnership for Children of Cumberland County on August 19, 2025 pursuant to prior written notice to each committee member. Lonnie Ballard, committee chair, determined that quorum was present and called the meeting to order at 12:36p. Anthony Ramos was Secretary for the meeting and recorded the minutes.	Called to Order	None
II. Action Items A. Approval of Meeting Minutes May 20, 2025 (Open Session)	A. The open session minutes of the May 20, 2025 Human Resource Committee meeting were distributed and reviewed by the committee members. Van Gunter moved to accept the May 20, 2025 Human Resource committee meeting minutes, as presented. Heather Skeens seconded the motion. Hearing no further discussion, the chair put the motion to a vote. All votes were unanimous. There were no abstentions. The motion carried.	Motion Carried	None
III. Information and Updates	• Anthony provided an update on the job analysis project as shared in a Status Update Memo. The memo explains that in response to staffing adjustments and changes in Region 5 federal grant funding, the review and validation phase is delayed to accommodate shifting organizational needs. The review phase will also now include workflow mappings to better understand how individual positions interconnect within and across teams. An updated project timeline is underway and will be shared with committee. • Mary Sonnenberg also reviewed where Region 5 funding currently stands and what information is currently available about the future of that funding and project scope changes. Committee also discussed upcoming personnel considerations such as not filling related vacant positions, what Smart Start can potentially absorb, and preparing for potential conversations about RIFs. • Anthony reviewed a summary of revisions to HR 312 Business Travel and 522 Vehicle Usage as highlighted in the included table summary and draft policies. • Anthony reviewed a draft version of the PFC Annual Acknowledgement and Attestation form, intended to be used for staff to annually acknowledge key policies and procedures and attest to maintaining personal auto insurance for work-related travel with a personal vehicle.	None	None

	• Anthony reviewed current vacant and recently filled positions, upcoming meetings, events and holidays.		
IV. Adjournment	After a few updates on open positions, upcoming meetings and events, there was no further business; the acting chair, Heather Skeens, announced the meeting adjourned. The meeting was adjourned at 1:27 pm.	Adjourned	None

Submittal: The minutes of the above stated meeting are submitted for approval.

____
Secretary of Meeting Date

Approval: Based on Committee consensus, the minutes of the above stated meeting are hereby approved as presented and/or corrected.

____
Committee Chair Date

Summary of Changes: Business Travel Expenses Policy
Final Draft

Policy Area	Original Policy	Edited Policy
Use of Vehicles	Required use of company vehicle if available; exceptions allowed for rentals or personal vehicles.	Removed all references to company vehicles; allows personal vehicle use with IRS mileage reimbursement.
Duty Station Definition	No formal definition or policy on duty station.	Defines duty station based on job classification (remote, hybrid, in-office); clarifies mileage rules.
Travel Authorization	PTR required; some ambiguity around daily/local travel.	Clarifies when PTR is needed (airfare, lodging, etc.); daily travel does not require PTR.
Expense Reporting	No batching guidance; mixed messages on funder-based separation.	Encourages weekly batching for daily travel; separate reports for multiple funders.
Language & Tone	Formal and policy-heavy wording.	Simplified and employee-friendly language.
Per Diem Source	Per diem based on NCDHHS subsistence rates.	Clarifies use of GSA rate as adopted by NCDHHS.
Travel Advances	Mostly handled by business office; limited guidance on self-booking.	Allows approved advances via PTR for employee-led bookings.
Non-Reimbursable Items	Listed but embedded in dense text.	Clearly structured list; better integrated.
Procedures Format	Text-heavy and segmented; harder to follow.	Bulleted list format for easier comprehension.
Auto Insurance	Valid license and PFC commercial auto insurance required.	Valid license and personal auto insurance required. Attestation annually.
Policy Area	**1st Draft**	**2nd Draft**
Travel Advances	Allows approved advances via PTR for employee-led bookings.	**Check request** form and support required for advances.
Expense Reporting	Weekly batching encouraged	**Monthly** batching
Per Diem Meals	Choice between per diem rate or file receipts.	Only per diem allowed.

Employment Information – Compensation
Section 312 – Business Travel Expenses

Overview

It is the policy of the Partnership for Children of Cumberland County, Inc. (PFC) to reimburse employees for reasonable and necessary expenses incurred during approved work-related travel.

Employees seeking reimbursement should incur the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is allowed only when it has not been, and will not be, received from other sources. In cases not specifically addressed by this policy, the most conservative course of action should be taken.

All work-related travel paid with grant funds must comply with the applicable grant's expenditure guidelines. If this policy conflicts with a grant requirement, the grant guidelines take precedence.

Authorization and Responsibility

All work-related travel must be authorized by the immediate supervisor, generally by completing a Purchase and Travel Request (PTR) form and/or an expense report. Travelers should confirm that planned travel is eligible for reimbursement before submitting a PTR. PTRs should be submitted as early as possible to allow the business office time to process purchases.

Within 30 days of completing travel, employees must submit an expense report with any required supporting documentation. Travel expenses should be batched on a single expense report whenever possible. However, expenses for multiple grant activities must have separate reports for each grant activity.

An individual may not approve their own travel or reimbursement. PTRs and expense reports must be reviewed and authorized by an immediate supervisor or department head. The finance department reviews and approves appropriate budget coding. The Board chair must approve travel and reimbursement for the President.

Designated approvers are responsible for reviewing expenditures and may withhold reimbursement for inappropriate or excessive costs.

Personal Funds

Employees should review this policy before using personal funds for travel. PFC may deny reimbursement if expenses do not comply with this policy.

For larger, non-routine business travel expenses, such as airfare, lodging, or conferences, a

Policy Revision Approved:
Effective: January 1, 2026

Employment Information – Compensation
Section 312 – Business Travel Expenses

PTR must be completed and approved by the President before an employee uses personal funds to purchase their airfare, lodging or registration. In general, employees should be prepared to be reimbursed after travel for all business travel expenses, even airfare and lodging, but may request an advance before travel.

Advances

Travel advances must be approved by the president or their designee with a completed check request form and supporting documentation, such as an estimated expense report. Advances for per diem allowances should not exceed per diem rates. Advances will be deducted from the reimbursement request on the after-travel expense report.

Vacation in Conjunction with Business Travel

Employees may take vacation in conjunction with business travel if approved in advance. PFC will not pay for personal travel expenses or reimburse them later.

Non-Employee Travelers

Non-employee travelers may accompany employees in their personal vehicles during business-related travel if it does not interfere with business objectives or increase costs. Prior approval from the supervisor or department head is required.

Exceptions

Requests for exceptions to this policy must be submitted in writing and approved by the President. Allow five business days for review.

Duty Station Definition and Mileage Reimbursement Basis

An employee’s duty station is the location from which business travel is typically measured and where the employee regularly performs their work. The following definitions apply:

- **Fully remote**: Employees whose positions are designated as fully remote due to business needs will use their home office as their duty station.
- **Hybrid**: Employees working remotely part of the time under an approved telecommuting agreement based on personal preference will use PFC as their duty station, even when working from home.
- **Fully in-office**: Employees whose positions require regular on-site work will use PFC as their duty station.

Regardless of an employee’s duty station:

- Travel between home and the PFC office is considered a personal commute and is not eligible for mileage reimbursement**,** even if the employee’s home is their duty station.

Employment Information – Compensation
Section 312 – Business Travel Expenses

- Business travel mileage should generally be calculated from the employee's designated duty station to the business destination (and return), or from the point of departure—**whichever is closer**.

Employees are responsible for using the correct duty station in calculating and submitting mileage for reimbursement.

Travel Expenses and Procedures

General Definition

Business travel is defined as travel away from the employee's normal work location or home in their official capacity. Overnight travel must be at least 35 miles from the duty station or home (whichever is closer) to be reimbursable.

General Travel Procedures

- Travel should be planned in advance with the employee's immediate supervisor.
- Airfare, rentals, conference registrations, lodging, and travel advances generally require an approved PTR before purchase.
- Daily, local business travel using a personal vehicle generally does not require a PTR.
- Expense reports must be submitted after all travel for reimbursement of all eligible business expenses, such as mileage or public transportation.
- If this is your first reimbursement request, you must submit a Direct Deposit Authorization Form, available at https://ccpfc.org/hr/employee-forms.
- For employees who travel daily, travel expenses should be batched on one expense report, ideally monthly.
    - If traveling for multiple activities with different funders, submit separate expense reports for each activity.

Permissible Travel Expenses

Airfare and rail. Coach class only; requires an approved PTR. Employees will generally purchase their own fare and be reimbursed after travel. However, employees may request an advance by completing a check request form.

Mileage reimbursement. Employees using a personal vehicle for business travel will be reimbursed at the current IRS mileage rate. Mileage is measured from the employee's duty station or point of departure—whichever is closer to the destination.

- Reimbursement requires a valid U.S. driver's license and personal auto insurance.

Conference fees. Requires an approved PTR. Conferences are generally booked and paid by the Purchasing Specialist. If not included in the registration fees, include relevant banquets or meals that are considered part of the conference on the PTR.

Employment Information – Compensation
Section 312 – Business Travel Expenses

Lodging. Overnight lodging requires overnight travel status and an approved PTR. Employees will generally purchase their own fare and be reimbursed after travel. However, employees may request an advance by completing a check request form.

Per diem rates follow the standard General Services Administration (GSA) rate for North Carolina as used by North Carolina Department of Health and Human Services (NCDHHS).

Lodging above the standard state GSA rate may be granted with prior approval from the president or their designee for the following reasons:

a. The traveler is in a high cost area and the current allowance is insufficient to secure lodging.
b. Cost of the excess lodging is less than the cost of lower cost lodging plus transportation costs.
c. The traveler or the Partnership deems that lower cost lodging would put the traveler at risk for safety or security.

Meals (per diem). Reimbursable in overnight travel status (35 miles away from duty station or home). Employees may request an advance with a completed check request form for eligible meals using the per diem rate. Departure and arrival times must be documented on the expense report.

Per diem rates follow the standard GSA rate for North Carolina as used by NCDHHS. Per diem allowances may not surpass the daily combined limit for reimbursable meals.

Reimbursement for meals is unallowable if the meal is provided during a conference or workshop, or if the cost of the meal is included in the registration fee.

Reimbursement for breakfast per diem is allowable even if a lodging establishment offers free continental breakfast.

Receipts are not required for per diem allowances.

Employees in business travel status but not in overnight travel status may claim the lunch per diem allowance only when the employee is required to attend a meeting or event in their official capacity and the meal is preplanned and involves persons not employed by the same entity.

Per diem allowances are reimbursable for partial days of travel when in overnight travel status and the partial day is the day of departure or day of return as follows:

a. Breakfast: departing prior to 6 a.m.
b. Lunch: departing prior to 12 p.m. or returning after 2 p.m.

Employment Information – Compensation
Section 312 – Business Travel Expenses

c. Dinner: departing prior to 5 p.m. or returning after 8 p.m.

Business expenses. Includes calls, faxes, photocopies, and internet access required for work. Itemized receipts required.

Parking, tolls, and transportation. Reasonable and necessary expenses for taxis, shuttles, parking, etc. are reimbursable. Receipts required. Fines, such as traffic or parking violations, are not reimbursed.

Non-Reimbursable Travel Expenses

- Airline upgrades or club memberships.
- Child care, babysitting, house-sitting, or pet-sitting/kennel charges.
- Commuting between home and the Partnership
- Evening or formal wear expenses.
- Haircuts and personal grooming.
- Laundry and dry cleaning.
- Personal entertainment expenses, including in-flight movies, headsets, health club facilities, hotel pay-per-view movies, in-theater movies, social activities and related incidental costs.
- Travel accident insurance premiums or purchase of additional travel insurance.
- Expenses for non-employees, such as spouses or family members.
- Other expenses not directly related to the business travel.

Policy Revision Approved:
Effective: January 1, 2026

Employment Information – Rules of Conduct
Section 522 – Employee Use of a Personal Vehicle or Rental

Purpose
This policy outlines the requirements, responsibilities, and procedures for employees who use a personal vehicle or a rental vehicle for official business on behalf of the Partnership for Children of Cumberland County (PFC). The policy aims to ensure safety, compliance with legal standards, and consistency in reimbursement practices.

Eligibility & Participation Requirements
Employees must meet the following requirements to use a personal or rental vehicle for work-related travel:

- **Valid Driver's License:** Employees must possess and maintain a valid driver's license issued by the State of North Carolina or their state of residence.
- **Vehicle Insurance:** Employees must maintain current and legally required personal auto insurance. North Carolina requires minimum liability insurance coverage of:
    - $30,000 for bodily injury (per person)
    - $60,000 for total bodily injury (per accident)
    - $25,000 for property damage
- **Vehicle Registration:** The vehicle used must be legally registered and in good working condition.
- **Annual Attestation of Insurance:** Employees must attest to maintaining minimum requirements of NC automobile liability insurance. PFC reserves the right to request proof of insurance.
- **Traffic Laws:** Employees are expected to obey all federal, state, and local traffic laws, including posted speed limits and seat belt requirements.
- **Distracted Driving:** Employees must refrain from texting, eating, or other distractions while operating a vehicle. The use of handheld devices while driving is strictly prohibited unless using hands-free technology.
- **Medication Disclosure:** Employees must notify their supervisor or Human Resources if they are taking any prescription or over-the-counter medications that may impair their ability to drive safely.
- **Driving Record:** PFC reserves the right to periodically review driving records of employees who regularly drive for work-related purposes.

Mileage Reimbursement
Employees using a personal vehicle for approved business travel are eligible for mileage reimbursement under the following conditions:

- **Reimbursement Rate:** Reimbursement is based on the standard IRS mileage rate in effect at the time of travel.
- **Expense Report Submission:**

Employment Information – Rules of Conduct
Section 522 – Employee Use of a Personal Vehicle or Rental

  - Employees must complete an official **Expense Report** form, available for download at: https://ccpfc.org/hr/employee-forms.
  - Reports must be submitted to the employee's supervisor for review and approval.
- **Direct Deposit:** Reimbursements will be paid via direct deposit. Employees must complete a **Direct Deposit Authorization Form**, also available at the above link, if not already on file.

Rental Vehicles

- **Rental Use:** When approved by a supervisor, employees may rent vehicles for business travel when more practical or cost-effective than using a personal vehicle.
- **Rental Insurance:** Employees must accept the **liability and collision damage waiver (CDW)** coverage when renting a vehicle unless specifically directed otherwise by Human Resources.
- **Fuel Receipts:** Employees must retain and submit all fuel receipts when driving a rental vehicle. Fuel costs are reimbursable only for business-related travel.

Injuries and Accidents

- **Accidents:**
  - In the event of an accident while on official PFC business, employees must:
    - Contact law enforcement as appropriate. Do not give a statement to anyone other than responding police officers.
    - Notify their supervisor as soon as safely possible.
    - Complete and submit an accident report to Human Resources within 24 hours of the incident.
- **Worker's Compensation:** Injuries sustained while performing work duties—regardless of vehicle ownership—may be covered under PFC's worker's compensation insurance. Employees must report all injuries to Human Resources immediately and follow the standard injury reporting process at ccpfc.org/hr/workers-compensation
- **Personal Insurance:** Any damage to an employee's personal vehicle is the responsibility of the employee and their personal insurance carrier. PFC is not responsible for personal vehicle repairs or insurance deductibles.

Non-Compliance

Failure to comply with this policy may result in disciplinary action, including loss of travel privileges or other corrective measures, in accordance with PFC's disciplinary procedures.

Progress to Date

1. Department-Level Job Analysis & RACI Matrices

- **Community Engagement Department**
  - Completed job analysis reviews for Administrator, Community Relations Specialist, and Visual Communications Designer
  - Developed CE RACI Matrix.
  - Summarized each position's distinct contributions and drafted job descriptions.
  - Created revised position and job description for Visual Communications Designer: Communications & Digital Media Specialist.
- **Finance Department**
  - Completed job analysis reviews for all Finance roles using submitted forms, with the Grants Manager reviewed via job description.
  - Developed a Finance RACI Matrix to clarify responsibilities across accounting, payroll, procurement, and grant management.
- **NC Pre-K Department**
  - Completed analysis of NC Pre-K Program Manager, Specialists, and Caseworker roles.
  - Determined potential overlap between Caseworker and Specialist duties; recommended clarifications in job descriptions.
  - Determined distinctions between two Program Specialists and drafted recommendations for distinct job descriptions with cross-training.
  - Developed NC Pre-K RACI Matrix.
- **Specialists/Regional Projects**
  - Analyzed Region roles (Healthy Social Behaviors, Birth–Three/Infant–Toddler, Family Childcare Consultant, Regional Caseworker).
  - Summarized each position's distinct contributions and drafted job descriptions.
  - Noted grant funding timelines and risks (e.g., Family Childcare Consultant program ended, others sunsetting in 2026 with pending RFPs).
- **Coach Positions (Early Childhood Specialists)**
  - Reviewed job analysis responses for multiple "Coach" roles.
  - Created a unified job description framework mapped into a **job family progression** (Core → Specialty → Lead).
  - Designed a **career ladder visual** to illustrate advancement opportunities.

2. Job Description Development

- Draft job descriptions created or updated for:
  - **Finance**: Grants Manager, Contracts Coordinator, and other departmental positions.
  - **NC Pre-K**: NC Pre-K Program Manager, Caseworker, Specialist.

  - **Community Engagement**: Community Relations Specialist, Communications & Digital Media Specialist, Early Literacy & Play Coordinator.
  - **Specialists/Coaches**: HSB Specialist, Infant–Toddler Specialist, Family Childcare Consultant, Regional Caseworker, and Early Childhood Coach roles.
- Job descriptions are being standardized to include overview, responsibilities, and requirements with consistent formatting and alignment to PFC's values.

3. Alignment with Compensation and Structure

- Updated point-factor system (based on Workipedia framework) is replacing the outdated NPEP model.
- Salary ranges are being aligned with BLS Fayetteville region benchmarks and other local/regional/nonprofit compensation data.
- Draft pay grades are under review to ensure both internal equity and external competitiveness.

4. Organizational Implications

- **Succession Planning & Career Growth**: Job families and career ladders (e.g., Coaches) are clarifying internal pathways.
- **Workload Re-balancing**: Executive Specialist workload assessment highlighted potential task redistribution and role redesign.
- **Compliance & Policy Links**: Updated travel/mileage policy (HR 522) integrated into job expectations for staff with business travel duties.
- **Funding Risks**: Upcoming DCDEE RFPs may alter the DNA of regional projects, affecting staffing needs for HSB, Infant–Toddler, and related positions.

Overall Status: On track. Majority of job analyses complete, draft job descriptions in progress, RACIs developed for Community Engagement, Finance and Programs, and underway for other departments.

Job Analysis Project

Revised Timeline (2025–2026)

Partnership FOR CHILDREN OF CUMBERLAND COUNTY

Jan–Dec 2025

Phase 1 — *Foundation & Departmental Analysis*

Completed departmental analyses; develop RACIs; align positions with funding changes; begin HRIS prep.

Jan–Apr 2026

Phase 2 — *Finalize Job Descriptions*

Complete RACIs, 100% job descriptions, validate, review with staff, upload to HRIS.

May–Jul 2026

Phase 3 — *Position Evaluation & Pay Structure Redesign*

Apply point-factor model, calibrate grades, model compensation.

Aug 31 2026

Phase 4 — *Approval & Implementation Planning*

Finalize pay structure and present to HR Committee for approval.

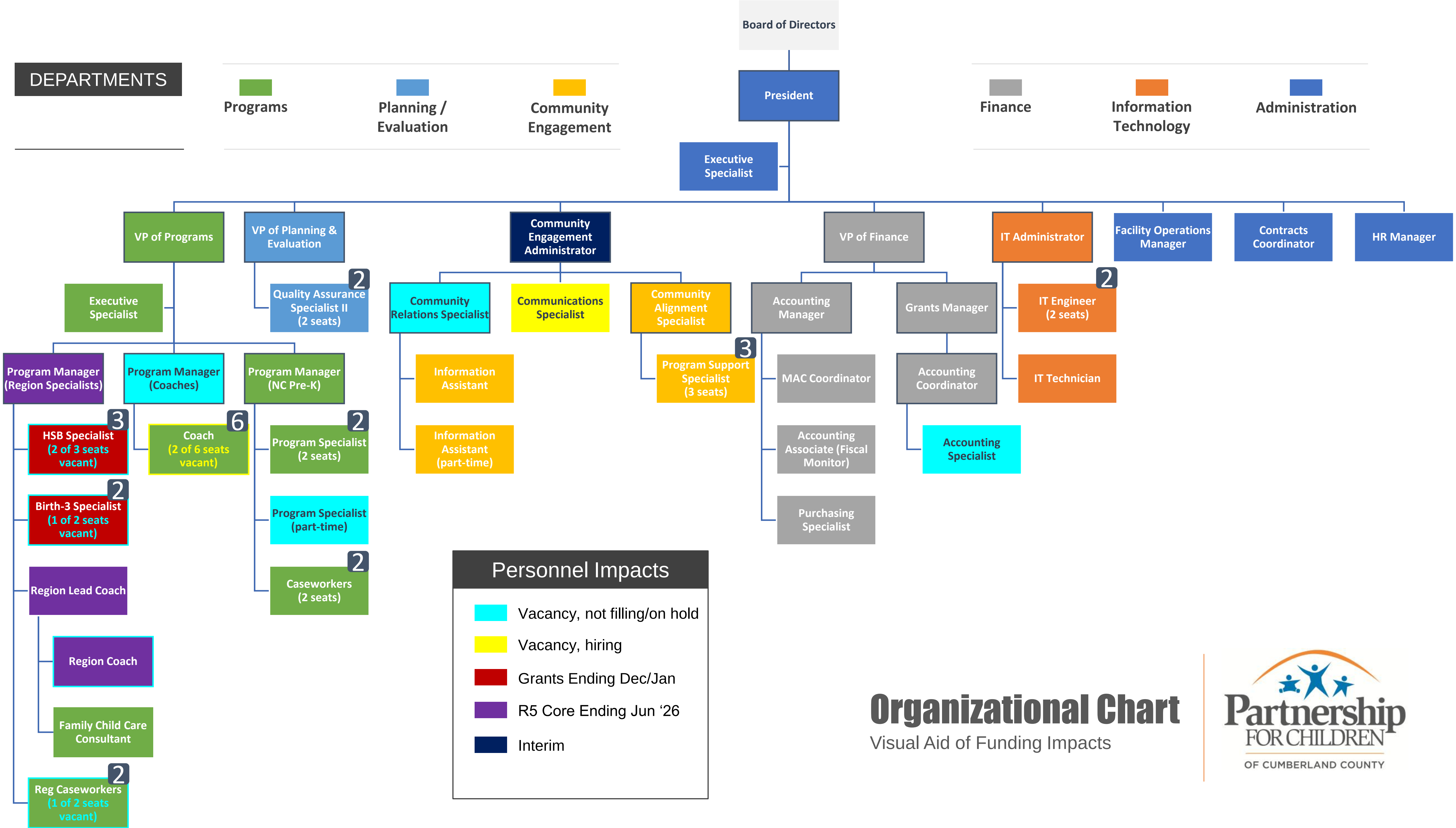
Sep–Dec 2026

Phase 5 — *Rollout & Maintenance*

Communicate structure, update HRIS, provide training.

Organizational Chart

Visual Aid of Funding Impacts



2026 Employer Healthcare Outlook

- **PwC Health Research Institute:** projects **8.5%** medical cost trend for the **group** market in 2026 (same as 2025). Pharmacy trend runs **~2.5 pts higher** than medical. PwC
- **Mercer (preliminary 2025 survey of employers):** employers expect **+6.5%** average **in 2026 with plan actions**, and **~+9% without** changes—the largest increase since 2010. Mercer
- **WTW:** projects **~9–9.1%** 2026 before plan design changes; many employers exceeded budgets in 2025. WTW
- **KFF Employer Survey (2025 context):** 2025 family premiums rose **~6%**; deductibles and cost pressures remain elevated. Use as near-term baseline. KFF
- **Business Group on Health (large employers, directional):** median 2026 trend **~9%**, falling to **~7.6%** with mitigation strategies. Business Group on Health
- **SHRM/IFEBP roundups:** many employers are **bracing for high-single-digit to ~10%** increases, with **specialty drugs (e.g., GLP-1s)** and utilization as key drivers. SHRM

PFC census & budget baseline

- Participants: **32** enrolled (plus **2** in waiting period; **9** with other coverage).
- Current budget baseline:
  - **Single: $12,200** per employee (includes medical, dental, vision, life, LTD, and **$2,500 HRA**).
  - **Dependent: $12,200 + $5,000–$8,000 ⇒ $17,200–$20,200** (includes **$5,000 HRA**).
- Coverage mix among enrollees: **88% single / 12% dependent** ⇒ ≈ **28 single** and **4 dependent**.

Baseline annual healthcare budget (FY2025 → before 2026 trend)

- Using the dependent **midpoint** ($18,700):
  - Total ≈ **$416,400** (28×$12,200 + 4×$18,700).
  - If dependents are at the **low** end: **$410,400**; at the **high** end: **$422,400**.

Scenario budgeting for 2026 (apply market trends)

Using the **$416,400** midpoint baseline:

Assumed 2026 trend	2026 total	Approx. per enrollee (32)
+6.5% (Mercer w/ actions)	**$443,466**	**$13,858**
+8.5% (PwC)	**$451,794**	**$14,119**
+9.5% (WTW high)	**$455,958**	**$14,249**
+10% (IFEBP/SHRM headlines)	**$458,040**	**$14,314**

Practical range: Anticipated range is **+6.5% to +10%**; a prudent **budget target** based on our size is **~+8–9%** (roughly **$452k–$456k** total) **plus a 1–2% contingency** given grant uncertainty. [Mercer]

Headcount note (the 2 in waiting period)

If both enroll at **single** coverage, add **~$24,400** to the **baseline** (pre-trend). At an **8.5%** 2026 trend, that increment becomes **~$26,500**. Build into appropriate budgets.

What to feel comfortable budgeting

- **Base 2026 health budget: $452k–$456k** (assumes current 32 participants and **~8.5–9.5%** trend).
- **Contingency:** Add **1–2% (~$4.5k–$9k)** to buffer volatility (specialty drugs, enrollment shifts).
- **Possible enrollment growth:** If the 2 waiting employees join, add **~$26.5k** (at 8.5% trend).
- **Planning number for high-level view: $460k–$465k** (current 32) **or $485k–$490k** (if +2 enroll) to avoid mid-year shortfalls. Will have to mine down to individual grants.

What's driving the increase

- **Specialty and high-cost drugs**: increasing use and cost of specialty medications such as glucagon-like peptide-1 (GLP-1) and biologics. [PwC]
    - $50 billion increase in pharmacy spending in 2024, up from $20 billion increase in 2023
- **Chronic/complex conditions**: around 90% of U.S. healthcare spending is for patients with chronic and mental health conditions such as heart disease, diabetes, arthritis, obesity, or Alzheimer's disease with expensive treatments and medications. [CDC]
- **Rate of utilization:** lingering effect of delayed or missed care due to the pandemic is still felt. Additionally, the rise of virtual healthcare has removed geographic barriers to care, contributing to increases in utilization rates. [Mercer]
- **Hospital and labor costs**: both wages for hospital employees and hospital expenditures in general are rising more quickly than the national average. Expenses are often passed on to commercial payers. [PwC]
    - In 2024, hospital year-end margins were at 2.1% compared to 7% in 2019, declining even further in Q1 2025.
    - Facing declines in federal subsidies for healthcare, hospitals will have extra incentive to maximize revenue and collect as much income as possible.

Preparation and discussion topics

1. **Discuss cost-containment menu with Charles Morris (keep access, reduce trend)**

- **Pharmacy management:** prior auth/step therapy for GLP-1s; our plan does not cover GLP-1s or any prescription drugs for weight loss except in situations of confirmed genetic syndromes.
- **Care navigation & steerage:** high-value site-of-care, centers of excellence, virtual musculoskeletal & behavioral health (often lowers total cost trend). WTW
- **Plan design levers:** salary-banded contributions; spousal carve-out/surcharge where spouse has access elsewhere; tiered networks; reference pricing (selectively). WTW
- **HRA/FSA calibration:** evaluate whether **$2,500 / $5,000** levels remain appropriate under 2026 pricing; evaluate risk tolerance for FSA

2. **Vendor/broker performance & reporting**
    - Discuss with Charles Morris about receiving **quarterly cost-driver dashboards** (top conditions, Rx categories, avoidable ER, out-of-network) and **intervention ROI** tracking. WTW
3. **Employee experience without big cost-shifts**
    - Emphasize **virtual primary care**/behavioral health access and proactive outreach to high-risk members; often cost-neutral or savings. WTW