

Colorado Legislative Council Staff Fiscal Note

**FINAL  
FISCAL NOTE**

*(This final fiscal note replaces the fiscal note published May 30, 2014.)*

<b>Drafting Number:</b> LLS 14-0086	<b>Date:</b> October 9, 2014
<b>Prime Sponsor(s):</b> Rep. Fischer Sen. Kefalas	<b>Bill Status:</b> Postponed Indefinitely
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**SHORT TITLE:** EMPLOYMENT OF COMMUNITY COLLEGE FACULTY

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>		
<b>State Expenditures</b>		
General Fund	\$115,411,803	\$114,957,803
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> \$115,411,803 General Fund-Department of Higher Education (FY 2014-15)		

\* This summary shows changes from current law under the bill for each fiscal year.

**Note: This fiscal note is updated to include new information about community college fringe benefit costs; The final fiscal note dated May 30, 2014 did not include the impact of those costs when estimating the bill's fiscal impact.**

**Summary of Legislation**

This bill requires that all employees with teaching responsibilities in Colorado's community colleges, including adjunct instructors and those with part-time teaching responsibilities, be considered as faculty. Beginning July 1, 2014, each community college is required to:

- have only one salary schedule for all faculty with the lowest step on the salary schedule equal to the average salary of regular full-time faculty as of September 1, 2013;
- have only one incremental or step increase schedule for all faculty;
- consider a full-time workload to be no more than 30 credit hours of teaching or a combination of teaching and non-teaching duties that equates to 30 credit hours of teaching;
- place all new faculty on the appropriate step in the salary schedule based on the new hire's degree of academic attainment, experience, and other appropriate factors;
- pro-rate faculty salary and benefits based on the employee's percentage of full-time workload; and
- determine a faculty member's step increase based on the faculty's combined workload at all state institutions of higher education.

Beginning July 1, 2014, when class assignments are available, community colleges must permit faculty to teach up to a full-time workload, with preference given to senior faculty, where seniority is calculated based on the course hours a faculty member has taught. A community college may assign non-teaching duties to faculty; however, the college must pay the same rate of pay for teaching and non-teaching duties. Finally, this bill requires that faculty be given written notice when their contracts are terminated and that they be provided access to a fair appeals process.

**State Expenditures**

***Beginning in FY 2014-15, this bill increases expenses for the Colorado Community College System (CCCS) by \$115,441,803 for faculty compensation (salary + benefits).***

Currently, the CCCS has a base salary cost of about \$47,900 per faculty FTE, supporting 1,117 FTE faculty employees. The CCCS has a base salary cost of about \$18,340 per adjunct instructor FTE, supporting 2,917 FTE adjunct instructor employees. At these rates, the CCCS has a combined base salary cost of \$107,002,080 for FY 2013-14.

This bill requires that all instructional staff be paid at an equivalent rate to faculty instructors and receive full benefits, pro rated to the amount of full-time workload. If 4,034 FTE employees are paid at the average faculty rate of \$47,900, total costs for salary are \$193,228,600, an increase of about \$86.2 million (\$193,228,600 - \$107,002,080 = \$86,226,520). Tables 1 and 2 show this base salary impact.

<b>Table 1. Community College Instructor Salary under Current Law</b>		
<b>FTE</b>	<b>Average Pay</b>	<b>Total Expense</b>
Faculty FTE = 1,117	\$47,900	\$53,504,300
Adjunct FTE = 2,917	\$18,340	\$53,497,780
<b>TOTAL SALARY</b>		<b>\$107,002,080</b>

<b>Table 2. Community College Instructor Salary under House Bill 14-1124</b>		
<b>FTE</b>	<b>Average Pay</b>	<b>Total Expense</b>
Faculty FTE = 4,034	\$47,900	\$193,228,600
Adjunct FTE = 0	\$18,340	\$0
<b>TOTAL SALARY</b>		<b>\$193,228,600</b>

For FY 2013-14, the CCCS' cost for faculty benefits was approximately \$14.5 million, and the cost for adjunct benefits (primarily employee contributions to PERA) was about \$9.1 million with a combined benefits cost of about \$23.6 million. This bill also increases cost for the system to include fringe benefits when instructional staff are converted to faculty. Assuming that employee contributions to PERA will be 17 percent of salaries and that 70 percent of faculty participate in health, life, and dental insurance, additional benefits cost are estimated at about \$14.7 million for PERA payments and about \$14.1 million for health, life, and dental benefits (total benefit costs increase by \$29,361,283).

In addition to increasing salary and compensation expenses, community colleges will also have other implementation costs. The bill requires that CCCS adopt a single salary schedule, and place instructors on the schedule based on educational degree, experience, and other appropriate factors. Since this is a change from existing compensation methods, there are additional costs for the system to create new salary procedures and policies, develop a computer-based planner to calculate placement on a single salary schedule, and rewrite related policies for evaluation and advancement. These implementation costs include expenses for legal services, and additional staff in the human resources office of each community college campus. These costs are estimated at \$484,000 for FY2014-15 only.

Total costs for the bill are displayed in Table 3.

<b>Table 3. Total Expenditures Under HB 14-1154</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Faculty Salary	\$86,226,520	\$86,226,250
Faculty Retirement Benefits	14,658,508	14,658,508
Faculty Insurance Benefits	14,072,775	14,072,775
One-time Implementation Cost	484,000	0
<b>TOTAL</b>	<b>\$115,441,803</b>	<b>\$114,957,803</b>

**Effective Date**

The bill was postponed indefinitely by the House Appropriations Committee on April 10, 2014.

**State Appropriations**

For FY 2014-15, this bill requires an appropriation of \$115,441,803 General Fund to the Department of Higher Education.

**State and Local Government Contacts**

Higher Education