

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 11-0331  
**Prime Sponsor(s):** Rep. Fischer  
 Sen. Bacon

**Date:** January 18, 2011  
**Bill Status:** House Education  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING PROCEDURAL REQUIREMENTS APPLICABLE TO TERMINATING THE EMPLOYMENT CONTRACTS OF PERSONS TEACHING ON A NONREGULAR BASIS AT INSTITUTIONS OF HIGHER EDUCATION.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b> General Fund Appropriation for Fee-for-Service Contracts with State Institutions	\$140,000 - \$1.4 million	\$140,000 - \$1.4 million
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 10, 2011, assuming the General Assembly adjourns May 11, 2011, as scheduled and no referendum petition is filed.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

Under current law, state supported institutions of higher education may hire temporary instructors under an employment contract outside of the state personnel system. This bill provides that when a contract for a non classified temporary instructor is not renewed or cancelled, the institution must provide written notice of the reasons for non renewal or cancellation, and the employee must have access to any dispute procedures available.

**State Expenditures**

*This bill will increase expenditures at state-supported institutions of higher education by at least \$140,000 from the General Fund, and could increase them by as much as \$1.4 million in FY 2011-12 and beyond.* Every institution of higher education in the state employs temporary instructors. This is especially true for the community college system. Under current law, these employees are considered "at-will" employees, and as such, are not typically afforded the same dispute process provided to classified employees under the state personnel system, or exempt tenure-track instructors under the institutions' internal human resources (HR) policies.

New expenses for the institutions are caused by the need to respond to new disputes from temporary instructors whose contracts are not renewed, or are cancelled. These expenses include attorney fees and additional HR staff time. For example, addressing a dispute from a terminated employee typically involves the time of the chair of the affected academic department, the director of the HR department, other administrative and management staff, and legal counsel. Depending on the campus, this could also include consideration by a grievance committee, by the campus provost, and by the institution president. This bill will increase the number of disputes that institutions must address, therefore increasing these staff and administrative costs.

An estimated 10,000 persons work under temporary instructor contracts at state institutions. Based on enrollment shifts, program demand, and resource allocation decisions, it is further estimated that each year, up to 2,000 contracts are terminated (20%). Assuming that the average cost to address disputes is about \$3,500 for each case, and assuming that some percentage of the employees who lose a contract avail themselves of a dispute process, the annual cost to the institutions can be estimated as displayed in Table 1. For example, if 5 percent of employees whose contracts are not renewed dispute the termination (100 out of 2,000 terminated contracts), the cost to the institutions could be \$350,000 (100 X \$3,500 = \$350,000).

Percent of Protests	Affected Number	Potential Cost
2%	40	\$140,000
5%	100	350,000
10%	200	700,000
20%	400	1,400,000

### **State Appropriations**

For FY 2011-12, the Department of Higher Education requires a General Fund appropriation for fee-for-service contracts with the state institutions of higher education. Since the precise amount of the appropriation cannot be predicted, this fiscal note assumes that the institutions will work with the Joint Budget Committee and the department to calculate the specific amount of fee-for-service necessary at each institution.

### **Departments Contacted**

Higher Education

Personnel