

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING EMPLOYMENT OF COMMUNITY COLLEGE FACULTY.

Prime Sponsors: Representative Fischer  
Senator Kefalas

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Date Prepared: April 7, 2014

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 01/27/14.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The January 27, 2014 fiscal note does not include the impact of community college fringe benefit costs when determining the bill's fiscal impact. When Public Employees' Retirement Association (PERA) and health, life, and dental benefits are included in calculations, the bill's fiscal impact in FY 2014-15 is assessed as **\$115,441,803 General Fund**. Calculations are reflected in the table below. Legislative Council Staff concurs with this analysis.

Net Fiscal Impact H.B. 14-1154 on Community College Instructor Salary and Benefits						
	FTE	Average Pay Per FTE	Salary Cost	Retirement Benefits*	Health, Life, Dental Benefits**	Total
<b><u>Total Salary &amp; Benefits Under Current Law</u></b>						
Faculty FTE	1,117.0	\$47,900	\$53,504,300	\$9,095,731	\$5,388,855	\$67,988,886
Adjunct FTE	2,917.0	\$18,340	<u>53,497,780</u>	<u>9,094,623</u>	<u>0</u>	<u>62,592,403</u>
<b>Total - Current Law</b>			<b>\$107,002,080</b>	<b>\$18,190,354</b>	<b>\$5,388,855</b>	<b>\$130,581,289</b>
<b><u>Total Salary &amp; Benefits Under H.B. 14-1154</u></b>						
Faculty FTE	4,034.0	\$47,900	193,228,600	32,848,862	19,461,630	245,539,092
Adjunct FTE	0.0	\$18,340	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total - H.B. 14-1154</b>			<b>\$193,228,600</b>	<b>\$32,848,862</b>	<b>\$19,461,630</b>	<b>\$245,539,092</b>

Net Fiscal Impact H.B. 14-1154 on Community College Instructor Salary and Benefits					
FTE	Average Pay Per FTE	Salary Cost	Retirement Benefits*	Health, Life, Dental Benefits**	Total
<b>Net Fiscal Impact: Total Salary and Benefits Under H.B. 14-1154 Less Amounts Under Current Law</b>					
<b>Impact of Bill on Salaries and Benefits</b>		\$86,226,520	\$14,658,508	\$14,072,775	<b>\$114,957,803</b>
Additional one-time FY 2014-15 costs***					<u>484,000</u>
<b>Total</b>					<b>\$115,441,803</b>
*Retirement benefit (PERA and supplemental state retirement contributions (AED and SAED)) at 17 percent of all salaries for both faculty and adjunct FTE.					
**Assumes 70 percent participation for faculty FTE at \$6,892 for the employer share per participant FTE and no participation by adjunct FTE, based on current benefits.					
*** The Community College System anticipates additional one-time 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.					

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation
J.002	Staff-prepared appropriation amendment to bill sponsor amendment L.002

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$115,441,803 General Fund to the Department of Higher Education for College Opportunity Fund Fee-for-Service contracts for FY 2014-15. The fee-for-service contract amount (\$115,441,803) is reappropriated to the State Board for Community Colleges and Occupational Education State System Community Colleges.

**L.002** Bill sponsor amendment **L.002** (attached) makes a variety of substantive changes to the bill that are described in the attached Legislative Council Staff memorandum dated April 2, 2014. Staff concurs with the Legislative Council Staff assessment that these changes reduce

the bill's fiscal impact to \$55,402,873 General Fund for FY 2014-15. This amendment also includes a "no fiscal impact" clause with a legislative declaration that explains why the General Assembly believes the community college system can absorb this fiscal impact without further appropriation of General Fund.

- J.002** Staff has prepared amendment **J.002** (attached) to amend Committee amendment L.002 to strike the "no fiscal impact" clause and substitute a provision appropriating \$55,402,873 General Fund to the Department of Higher Education for College Opportunity Fund Fee-for-Service contracts for FY 2014-15. The fee-for-service contract amount (\$55,402,873) is reappropriated to the State Board for Community Colleges and Occupational Education State System Community Colleges.

The Committee may adopt **J.001** or L.002 or L.002 as amended by J.002.

### **Points to Consider**

#### *General Fund Impact*

1. The Joint Budget Committee has proposed a budget package for FY 2014-15 based on the March 2014 Office of State Planning and Budgeting revenue forecast. The budget package allocates \$20.0 million General Fund to be available to fund 2014 legislation, and leaves approximately \$7.5 million General Fund unallocated. Thus, the General Assembly could appropriate up to \$25.8 million General Fund to fund 2014 legislation and maintain a 6.5 percent General Fund reserve. The bill requires a General Fund appropriation of \$115.4 million for FY 2014-15, and would thus: (1) require the full amount allocated for 2014 legislation; (b) eliminate the excess General Fund reserve; and (c) require other General Fund appropriations for existing programs to be reduced by \$89.6 million.
2. Amendment L.002 includes substantive provisions to reduce the bill's fiscal impact to \$55.4 million General Fund. This cost will be borne either by the community college system if the "no fiscal impact" clause in L.002 is retained or by the General Fund if amendment J.002 is adopted.