
COLORADO COMMISSION ON
 **HIGHER
EDUCATION**

ACCESS TO HIGH-QUALITY, AFFORDABLE EDUCATION FOR ALL COLORADANS

**ADJUNCT PROFESSOR
BENEFITS STUDY**

JANUARY 12, 2007

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INTRODUCTION

Pursuant to C.R.S. §23-5-133, the Colorado Commission on Higher Education (CCHE) conducted a study to determine the impact of providing health and dental benefits to adjunct professors who are employed by one or more public institution of higher education and teach an aggregate of 15 or more credit hours in a twelve month period.

In order to calculate the required information for this study CCHE worked with all public institutions of higher education to obtain the appropriate identifying information for adjunct professors, as well as the hours they taught in the 2005-2006 academic school year. CCHE compiled a database of all the information received and was able to determine the number of adjunct professors who taught an aggregate of 15 credit hours across one or more institutions.

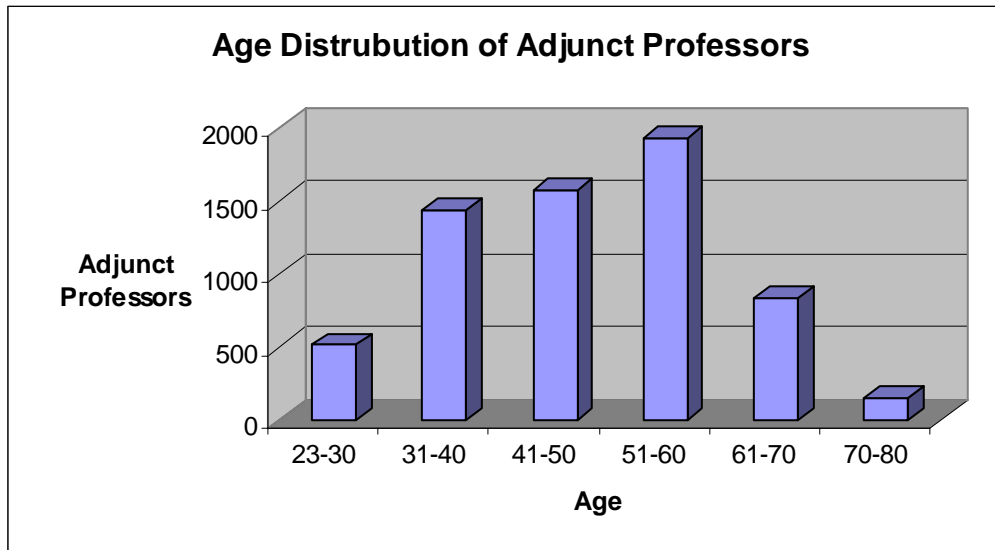
The Colorado Community College System formed an Adjunct Committee and conducted an independent survey of their adjunct professors. This survey encompassed adjunct professors' issues and concerns throughout the Community College System but focused on benefits in order to determine the number of adjunct professors who do not have benefits and the costs of providing benefits to these professors. The Community College System provided CCHE with the number of adjunct professors in their system and where they taught, however they were unable to submit the number of hours each professor taught since this changes from semester to semester and year to year. To determine how many adjuncts taught over 15 credit hours the Community College System relied on data from their survey. The Community College System submitted a report detailing the results of the health benefits portion of the adjunct professor survey which can be found in Appendix A.

In compiling data for this report and trying to estimate the costs of providing health benefits for the adjunct professors specified in the legislation, CCHE worked with the member institutions of the Colorado Higher Education Insurance Benefits Alliance (CHEIBA), an insurance trust in which Adams State College, the Auraria System, Colorado School of Mines, Colorado State University- Pueblo, Fort Lewis, Metropolitan State College, and Western State College participate. The CHEIBA trust submitted a brief explanation of how their benefit insurance pool works and some of the concerns they have if they are required to change how it is administered in order to provide benefits to adjunct professors. This narrative can be found in Appendix B.

RESULTS

A total of **6,373** adjunct professors are reported to have worked in public four year colleges and universities or community colleges for the 2005-2006 academic school year. Table 1.1 below shows an age distribution for all of the adjunct professors, with the 51 to 60 year old segment containing the largest number of adjuncts.

Graph 1.1 Adjunct Professor Age Distribution



Pursuant to C.R.S. §23-5-133, CCHE was instructed to determine the following:

- (a) The number of persons who are employed by one or more state colleges, universities, or community colleges who teach an aggregate of fifteen or more credit hours in a consecutive twelve-month period and who are not eligible to enroll in a health insurance benefit plan and a dental insurance benefit plan provided through a state college, university, or community college;
- (b) The number of persons specified in paragraph (a) of this subsection (1) who are teaching at each state college, university, or community college;
- (c) The estimated annual cost of providing health insurance benefits and dental insurance benefits to the persons specified in paragraph (a) of this subsection (1), including but not limited to the cost of paying the employer's share of the premium for such benefits and any administrative costs.

Table 1.2 below illustrates the data that CCHE collected to answer the questions posed by the legislation.

Table 1.2 Adjunct Professors by Institution and Average Estimated Employer Cost of Providing Benefits			
Institution	Adjunct Professors with 15 or More Credit Hours not Receiving Benefits	Average Employer Cost per Adjunct	Total Estimated Cost
Adams State College	6	\$4,579	\$27,473
Colorado School of Mines	22	\$6,636	\$145,992
Colorado State- Fort Collins	44	\$3,049 ¹	\$134,156
Colorado State- Pueblo	18	\$3,318	\$59,724
Community College System	1,557	\$5,125	\$7,980,208
Fort Lewis College	0 met criteria		
Mesa State College	14	\$3,214	\$44,996
Metropolitan State College	226	\$3,841	\$868,191
University of Colorado System	64	\$4,036	\$258,320
University of Northern Colorado	13	\$3,431	\$44,610
Western State University	0 met criteria		
Total	1,964		\$9,563,670

¹ CSU takes into account employees' salary to determine what percentage of benefits they will pay, this is the best estimate per employee the University could give based on the unknown variables of salaries.

The estimated costs in Table 1.2 for the four year colleges and universities are based on the assumption that half of the adjuncts from each institution would enroll in single person coverage and the other half would enroll in family coverage, since there is a considerable cost difference between the plans. The employer cost per adjunct is an average cost of the single person and family plans. 2005-2006 rates were used to determine the employer share of the plan costs. The total estimated costs do not take into account additional administrative requirements since these would vary widely depending on the requirements for the new plans. Further, the estimate does not include a potential increase in premiums for existing beneficiaries due to the fact that a new group would be entering the risk pool. See Appendix B for a discussion on the implications of adding a new group to the CHEIBA insurance group.

The estimated costs for the Community Colleges were derived from the report, (Appendix A) that the Community College System submitted to CCHE. See section 4 E-I of the report for a discussion of the estimated costs of adding adjuncts to the existing benefits plan, which includes estimated administrative costs.

APPENDIX A
Colorado Community College System
Adjunct Professor Benefits Report

**COLORADO COMMUNITY COLLEGE SYSTEM
SB06-144 REPORT ON ADJUNCT FACULTY
January 11, 2007**

**Submitted by
Colorado Community College System
Dr. Nancy J. McCallin
President**

CCCS Adjunct Faculty Committee

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Morgan Community College President

Linda Comeaux
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Adjunct Instructors

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Front Range Community College

Sandy McKelvey
Colorado Northwestern Community
College

Pat Coleman
Pikes Peak Community College

AnneMarie Rigdon
Trinidad State Junior College

Jim Farmer
Lamar Community College

Don Rizzuto
Otero Junior College

Kathi Jesik
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BACKGROUND

The Colorado Community College System (CCCS) comprises the state's largest system of higher education serving more than 116,000 students annually. CCCS oversees career and academic programs in the 13 state community colleges and CCCOnline, and career and technical programs in more than 160 school districts and seven other post-secondary institutions.

In compliance with SB06-144 -- now known as Colorado Revised Statute 23-5-133 -- which requires higher education institutions to determine the impact of providing health and dental benefits to part-time or "adjunct" instructors, CCCS assembled a committee with representatives from each of its 13 colleges to study this issue. The committee included: two college presidents, three representatives from CCCS, an academic dean, one full-time faculty member, and twelve adjunct instructors.

A common description of an adjunct professor is someone who does not have a permanent position at the academic institution. This may be someone with a job outside the academic institution teaching courses in a specialized field, or it may refer to persons hired to teach courses on contractual basis (frequently renewable contracts). It is generally a part-time position with a teaching load below the minimum required to earn benefits (health care, life insurance, etc.), although the number of courses taught can vary from a single course to multiple courses at multiple institutions.

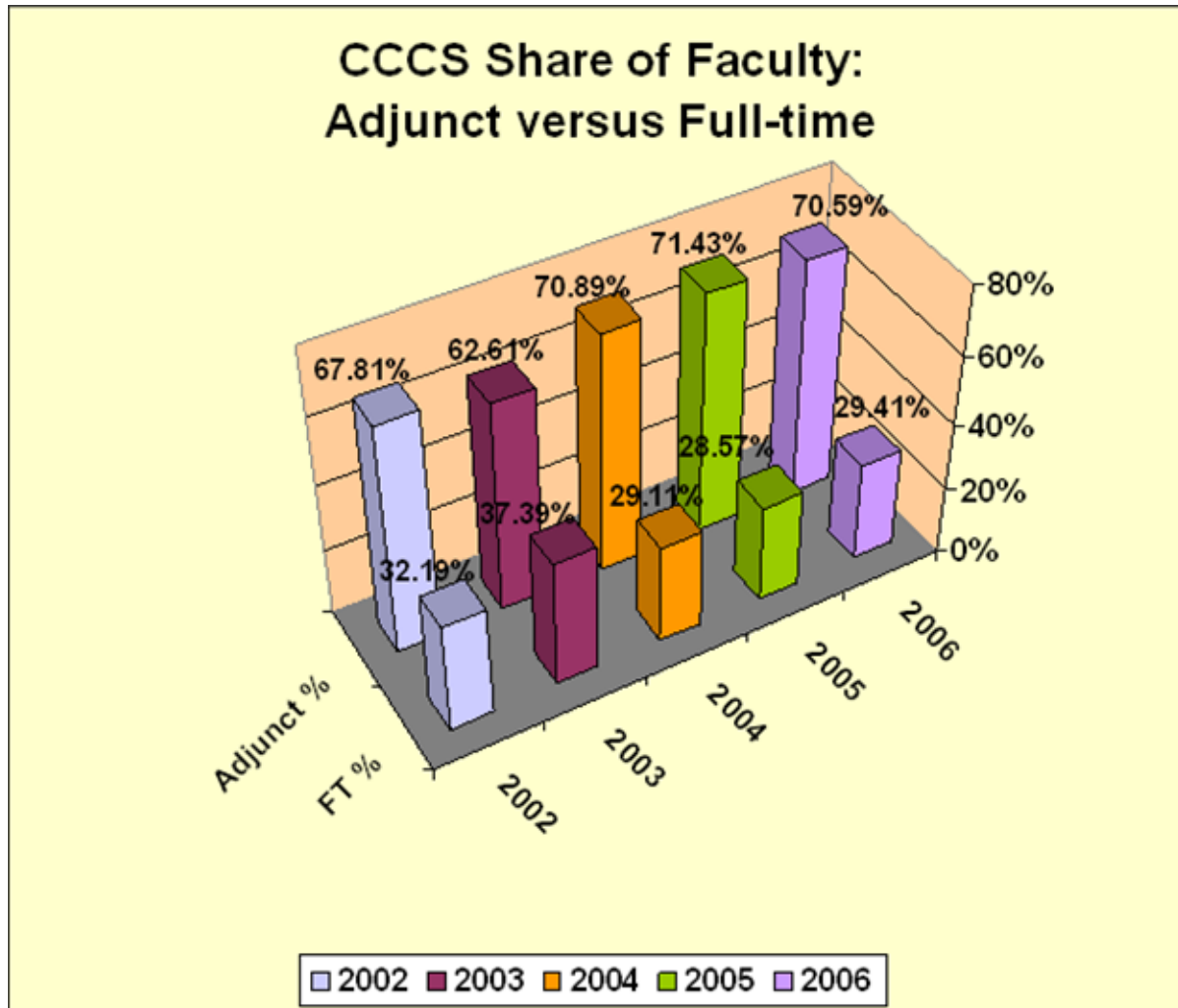
The State Board for Community Colleges and Occupational Education (SBCCOE) uses the term "instructors" instead of adjuncts, to refer to those who teach on a temporary, as-needed basis. The appointments are by course and are issued semester by semester. According to Board Policy 3-10, instructors are appointed for less than an academic year, but they may have successive appointments on an unlimited basis. "Instructors are subject to the terms of their appointment and have no benefits except those provided by law." Each community college president establishes employment standards for instructors, including workload, hiring procedures, performance evaluation, personnel records and other related issues, consistent with system guidelines.¹

In the fall of 2006, 3,333 adjunct instructors were teaching at CCCS colleges. Adjunct instructors allow community colleges the flexibility to meet workforce demands by adding classes that meet local industry needs, by providing additional sections of popular general core classes, and by utilizing the expertise of individuals who have work experience in the areas in which they teach.

Since FY 2001-02, Colorado community colleges have become increasingly reliant on adjunct faculty for instruction (see Chart 1). Adjunct faculty teach roughly two-thirds of all community college courses. Meanwhile, in FY 2005-06, adjunct faculty comprised 71 percent of the total number of faculty teaching at the community colleges, which is reflective of nationwide trends.

¹ Colorado State Board for Community Colleges and Occupational Education Policies, BP 3-10, last revised June 7, 2002. <http://www.cccs.edu/Docs/SBCCOE/Policies/BP/Web/BP3-10.htm>

Chart 1 – CCCS Share of Faculty: Adjunct versus Full-time



METHOD

SB06-144 asks higher education institutions to look specifically at the feasibility of providing medical and dental benefits to instructors who are employed by one or more state colleges, universities, or community colleges and teach 15 or more credit hours at one or more state institutions during a consecutive 12-month period. To that end, the Adjunct Faculty Committee created an informational survey with 59 multiple-choice and open-ended questions.

During the fall semester 2006, CCCS Human Resources mailed letters explaining the need for the survey and directions for completion to 3,333 adjunct instructors for CCCOnline and the 13 colleges in the system. The survey was posted at www.surveymonkey.com and an e-mail with the link to this survey was sent to the same list of instructors as a follow-up to the mailing. The survey went live, online on

November 8, 2006 and was open until the evening of November 17, 2006. During that time, 1,272 instructors responded -- a response rate of more than 38 percent.

While the focus of the survey was the issue of health insurance, CCCS used the opportunity to ask several other questions in its efforts to identify other relevant issues related to the employment of adjunct instructors. CCCS has asked the adjunct faculty committee to continue the important dialogue that began during this project with quarterly meetings to follow up on survey results. CCCS has previously conducted surveys to periodically gather similar information regarding adjunct instructors.

REQUIREMENTS OF SB06-144 TO BE ADDRESSED:

CCCS, through the results of the survey administered, provides the following information in response to the legislation.

1. *The number of instructors employed by one or more community colleges, or four-year state colleges or universities who teach an aggregate of 15 or more credit hours in a consecutive 12-month period, but are not eligible to enroll in those institutions' health or dental insurance benefit plans.*

No adjunct instructor is eligible to enroll in the CCCS health and dental insurance benefit plan. During fall of 2006 there were approximately 3,333 adjunct instructors teaching within CCCS.

Over a 12-month period in 2005-2006

- a) 46.7 percent, or 572, of the respondents to the survey reported teaching 15 or more credit hours
- b) 53.3 percent, or 645, of the respondents taught 14 or fewer credits
- c) 25 percent, or 306, of respondents had taught between six and 10 credit hours in the past 12 months -- typically two or three classes of 3 or 4 credits each.

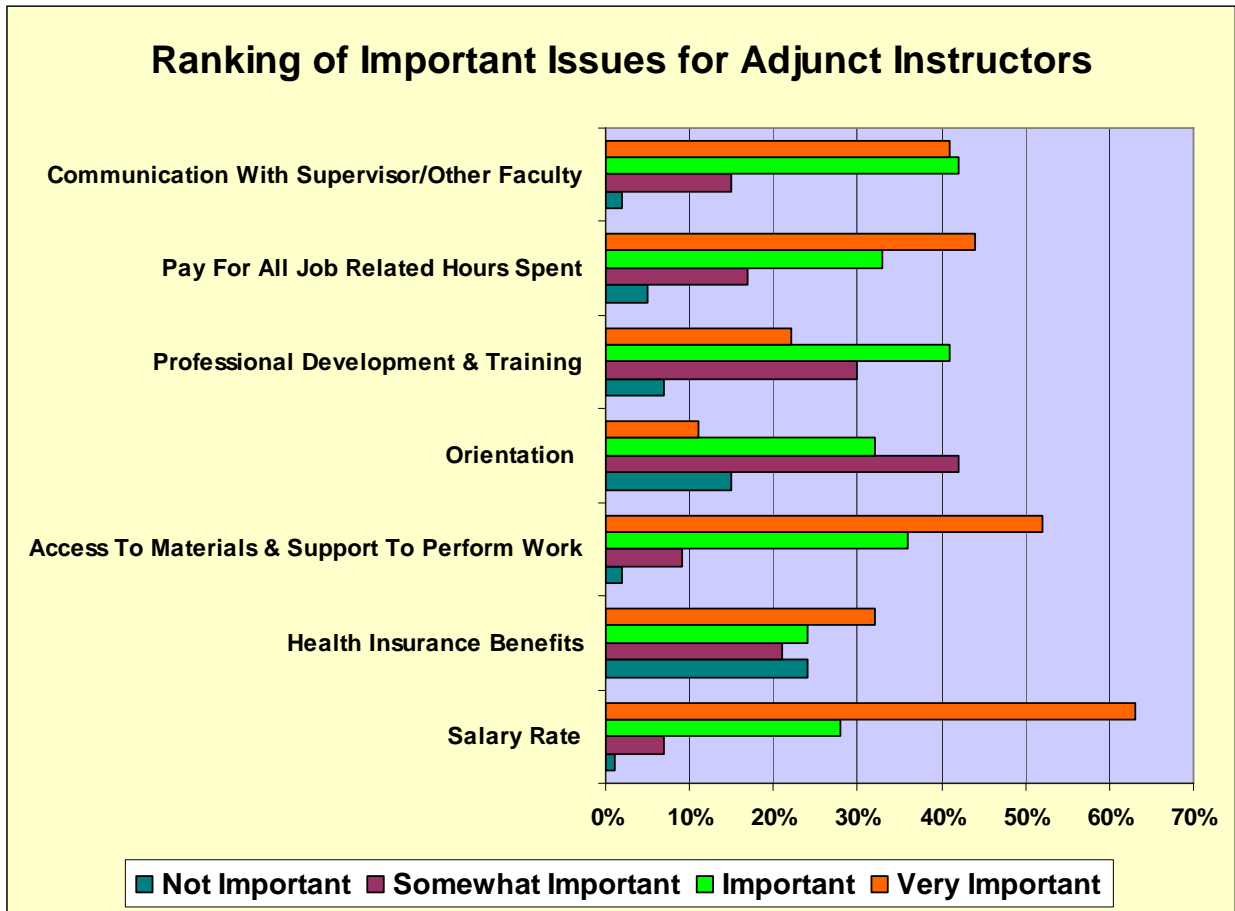
2. *The number of instructors who teach at each institution.*

Of the 3,333 adjunct faculty that were teaching in the fall of 2006, the numbers employed by each institution are as follows:

Arapahoe Community College	287
Community College of Aurora	321
Community College of Denver	383
Colorado Community College System -- CCCOnline	198
Colorado Northwestern Community College	42
Front Range Community College	779
Lamar Community College	31
Morgan Community College	67
Northeastern Junior College	30
Otero Junior College	14
Pikes Peak Community College	632
Pueblo Community College	189
Red Rocks Community College	321
Trinidad State Junior College	39
Total	3,333

3. *The estimated annual cost of providing health and dental insurance benefits to adjunct instructors, including the employer's share of the premium and any administrative costs.*
- a) The cost of providing health and dental insurance to eligible adjunct instructors based on the survey results is \$ 7,980,208. This estimate is based upon the survey results which indicated 46.7% of adjunct instructors would be potentially eligible, having taught 15 credits or more in a 12 month period of time, and per SB06-144 parameters would therefore be eligible for our group health insurance plan.
 - b) Note that there are additional costs related to the increased risk of this population and their impact on insurance premiums. This issue is discussed in 4 (f) below.
 - c) Due to the unpredictability of the personal health and dental insurance needs of this group of employees, accurately predicting and budgeting for the true annual cost of an employer benefit contribution is very difficult. Additionally, the administrative costs could fluctuate regularly and widely depending upon the fluidity of adjunct instructors in and out of our colleges.
4. *Any other information that will help lawmakers determine the impact of providing health and dental insurance benefits to adjunct instructors.*
- a) Based on the adjunct survey, the vast majority of our adjunct instructors do not view health insurance as their top priority (see Chart 2). This is probably because many of them already have health insurance:
 - 84.9 percent of those responding said that they currently have health insurance and 79.2 percent of those who have health insurance said they have full coverage with co-pays for services
 - 14 percent of those who have health insurance have catastrophic coverage with high deductibles that must be met before insurance will pay any costs.

Chart 2 – Ranking of Important Issues for Adjunct Instructors



- b) Of the 14 percent of the respondents, or 178 instructors, who said they currently do not have health insurance, many pointed to prohibitive costs as the reason. Additionally they provided the following reasons:
- 37 percent said they do not qualify for their current employer's group health plan because of their employment status.
 - 27.3 percent reported their employers do not have a group health plan option.
 - 17 respondents said that a pre-existing condition prevents them from getting coverage through private insurance
 - one instructor did not believe in health insurance and preferred to pay expenses out of pocket.
- c) In response to a question of participating in a college sponsored health plan:
- 44.8 percent of the respondents said they would do so only if the college pays some portion of the cost of coverage for an individual plan.
 - 43.6 percent said they would participate if the college paid 50 percent of the coverage
 - 7.2 percent of respondents said they would participate if they had to pay 100 percent of the cost of coverage.

- d) Open ended comments on whether or not an adjunct instructor would participate in a health insurance plan revealed that instructors stated concerns regarding the cost and the amount of coverage that a college-sponsored health insurance plan would include. Those who specified an amount said they would want the college plan to pay at least 50 percent, but preferably 100 percent of the cost. Several who have health insurance coverage said that they would switch to a college-sponsored plan if there were more benefits, such as vision and dental insurance.
- e) More than 85 percent of respondents said that *the most* they could afford to pay out of pocket per month for a college-sponsored health insurance plan is \$100 to \$300. Another 13.3 percent said they could afford \$300 to \$500 per month. Less than 2 percent of the respondents said that they could afford more than \$500 per month.

The following chart demonstrates the costs of the current plan to eligible employees of CCCS.

(The costs of the plans listed below do not include the increases proposed by the insurance companies as a result of adding the adjunct instructors.)

Plan Options	Anthem BCBS Health Monthly Premiums	Dental Premiums (Mandatory enrollment in at least low cost plan.)	Employer Monthly Contribution	Total out of Pocket by Employee per month
Employee	\$405	\$37 / \$23	\$300	\$142 / \$128
Family	\$1053	\$84 / \$52	\$597	\$540 / \$508

- f) Any legislation mandating that CCCS provide our current group health and dental insurance to the instructors who qualify under the terms and conditions outlined in the bill, with the same premium cost and other terms as the plans that are offered to employees who teach on a full-time, regular basis will increase the premium cost of the plan to all employees.

The insurance companies have stated that a 'standard of doing business' in relation to group health plans is to require the employer to pay at least 50% of the lowest employee-only premium for participating employees, which CCCS currently follows in its insurance plans. This is done to encourage all employees, both healthy and sick, to participate in the plan. When an individual is willing to pay the full cost of premium in high cost group health plans, it is likely that they are willing to do so only when they would not be eligible to purchase an individual insurance plan on their own due to an existing medical condition(s). Actuarial statistics demonstrate that this will result in adverse risk to the pool, so when we put our plan out to bid in November 2006, we requested that bids be provided on two different scenarios.

In scenario #1, we requested that they look at adding the adjunct instructors to our current group health plan and that CCCS would contribute the same benefit allowance as contributed for full-time, regular benefit eligible employees. Even with the employer contribution, the insurance companies increased the premium bid rates to cover the anticipated increase in medical expenses associated with the lack of experience with this group of employees, which impacts the group's 'credibility'. The increase associated with this change to our group plan was an additional premium cost increase of 5.44% to our group benefit plan, the cost of which will be borne by all employees. The additional cost to add these employees to the risk pool, without even considering the higher costs associated with more employees taking advantage of the employer contribution, is \$502,967. This is in addition to the \$7,980,208 million of potential increased costs associated with more employees that is noted in 3(a) above.

In scenario #2, we requested that the insurance companies look at establishing a separate group plan for instructors that would have the same terms and the same premium, but without a monthly employer benefit contribution. Insurance companies told us this is not possible because of the uncertainty of the risk pool associated with the adjunct instructors. The insurance company would not be able to provide the same terms at the same premium for this group until the plan becomes 'credible', which in the insurance industry is typically a period of at least three (3) years, and until such time as CCCS could contribute at least 50% of the premium for the employee only coverage. Based on the bid, the increased premium cost in this scenario was more than 38%, which resulted in monthly premiums to the adjunct plan of:

Plan Options	Monthly Premium Full-Time Employee Plan	Monthly Premium Adjunct Instructor Plan
Employee Only	\$405	\$559
Family	\$1053	\$1453

- g) Current data systems make tracking the data required for benefit eligibility of adjunct instructors very difficult and will require staff resources at each college to begin logging this in an independent data system and working with the system office to create and monitor a benefit eligibility list. With 2,000 to 4,500 instructors working for CCCS each semester, the workload is anticipated to be heavy in this area and will require refocusing current staff resources and/or adding staff. We estimate a minimum of five (5) FTE system wide would be necessary to manage this function.
- h) The Consolidated Omnibus Budget Reconciliation Act (COBRA), a federal law, requires that an employee who has been covered by a group health plan, who discontinues employment voluntarily or involuntarily, be allowed to

continue coverage in the group plan for a period of up to 18 months. COBRA requires specific documentation be issued to these individuals and enrollment under this act to be monitored. With adjuncts that enter and leave active employment status, it will be difficult to track when eligibility ends or begins again and they may end up coming in and out of COBRA status frequently. This will result in significant administrative work within the college and system human resource offices.

- i) Instructors, even those who will qualify for insurance as written in this legislation, are not on the payroll every month of the year. An instructor who qualifies and is enrolled in the health plan under this legislation who does not receive a paycheck in any given month or does not have enough money in his or her paycheck to cover the benefit deduction, will require that an invoice be generated to request payment for the amount due. This will require additional administrative tracking, paperwork generation and fund collection. Additionally, it will involve the payroll technicians adjusting adjunct instructor payroll deductions on a monthly basis.

Other Pertinent Information Gathered Via the Survey Related to Adjunct Instructors

According to the survey results, a small share of adjunct community college instructors teach at more than one college. Out of 1,272 instructors who responded to the question asking how many community colleges employ them as instructors (not including Aims Community College and Colorado Mountain College which are not a part of the CCCS) only one reported teaching at more than four community colleges. Meanwhile:

- 89.4 percent, or 1,102 instructors, said they teach at only one college
- 9.2 percent, or 114 instructors, teach at two colleges
- 1.3 percent, or 16 instructors, teach at three colleges.

Conclusion

The Colorado Community College System has provided the Colorado Commission on Higher Education the data for the number of adjuncts teaching in the 13 colleges and the colleges at which they teach. Tracking the information on how many would be eligible for insurance benefits based on the 15 credit hours in a twelve month consecutive period is much more difficult because it changes from semester to semester and year to year.

In preparing the fiscal note for SB06-144, staff made some assumptions by cross referencing databases. From those cross references, staff made the assumptions that roughly 50% may be eligible. To further determine the accuracy of that assumption, CCCS did a survey of all of the adjuncts, as discussed in this report. Based on the survey responses, CCCS found that the assumptions for SB06-144 were valid with 47% eligible for benefits, according to the calculations in the reports from the survey data.

In response to the requirement in the legislation, CCCS issued an RFP (request for proposals) to a statewide network of insurance companies to obtain information regarding the possibility and associated costs of including the adjunct instructors in our current or a separate group benefit plan. The RFP indicated that adding the adjunct instructors to our current benefit plan would result in a 5.44% increase to the plan premiums, and a 38% increase in plan premiums if we established a separate but equal group plan for adjunct instructors.

The Colorado Community College System will continue to analyze both survey data and internal data to determine the impact of future legislation in the benefits area as well as other issues such as increased pay, to assess the priorities of this critical population to CCCS and all of higher education.

To recap:

- 46.7 percent of the respondents reported teaching 15 or more credit hours
- 84.9 percent of those responding said that they currently have health insurance; 79.2 percent of those who have health insurance said they have full coverage with co-pays for services
- 89.4 percent said they teach at only one college; 9.2 percent, or 114 instructors teach at two colleges; 1.3 percent, or 16 respondents teach at three colleges.

APPENDIX B
CHEIBA Trust Explanation and Concerns

Colorado Higher Education Insurance Benefits Alliance Trust

The participating schools in the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA) have significant concerns about the impact of potential legislation resulting from the information gathered as a result of SB06-144. Among these concerns are:

Optional participation – Optional participation significantly changes the risk profile of the health insurance plan. Unlike the benefit plans available to other State employees, all the institutions in the trust require mandatory participation in medical and dental plans for all eligible employees (.5 FTE or greater). Currently, the only way not to participate in the plans is to provide proof of other **group** health insurance coverage. This mandatory participation model is the basis for the financial stability, affordability and excellent level of benefits we are able to offer our faculty.

If we must offer access to our plan on an optional rather than mandatory basis, the plan will have a significantly larger probability of acquiring a “sicker” population and being exposed to much higher per participant costs. This “adverse selection” will quickly translate into overall higher costs and higher premiums. When employees have the option to participate, it is quite natural that those with good health profiles and access to other health plans offering lower benefits at lower cost will not enroll. This will deprive the plan of important premium revenues to support those in the covered group who use the health benefits. Conversely, those with poor health profiles or known health conditions and who cannot obtain other coverage, will elect to participate, often using the benefits in a disproportionate fashion as compared to the group as a whole. These conditions violate the concepts of group insurance theory and will intensify the financial pressures on the schools and the health plan.

Our current mandatory participation model protects the plan and participants it serves from adverse selection. As structured in SB06-144, the Trust would not be allowed to have separate eligibility rules for adjunct faculty or separate benefits designs. We would, however, be required to charge the same premiums as for permanent full-time faculty. Such a scheme will likely have the effect of lowering the quality and level of benefits offered and increasing premiums beyond what otherwise would occur.

Plan Administration – The concepts in the proposed legislation have the potential for creating substantial administrative problems. For example, what happens when an individual works for two or three separate colleges? Which school’s health plan would be offered? What if the school’s involved have differing levels of premium contribution? What happens when the faculty member continues to meet the eligibility requirements established by the statute, but does so by obtaining teaching assignments each semester in different schools? The administrative costs of maintaining such a system will also contribute to overall higher premiums for all faculty.