



April 23, 2013

**To Whom It May Concern:**

I would like to thank you for the opportunity to testify about the impact of the Affordable Health Care Act on Rowan-Cabarrus Community College. Considered a large employer under the definition of the Affordable Health Care Act, Rowan-Cabarrus Community College has focused on emerging regulations and guidance, and we are alarmed at the extent to which this act will affect the college and its workforce. As currently published, the supporting regulatory framework has far-reaching and significant negative consequences for the college and our employees, our students, and our community. The regulations defining how health care coverage eligibility works will force us to reduce the number of courses we currently allow adjunct faculty members to teach, produce a significant and costly administrative burden and could further harm the institution through egregious penalties if errors are made in identification of those who qualify for health care coverage. Further, it effectively reduces the income that our long-time, dedicated adjunct faculty will be able to earn, and it may slow our students' ability to get degrees if we must eliminate courses from the academic schedule.

**IRS Guidelines Will Force the Reduction in Courses Adjunct Faculty Can Teach**

As a strategy for responding to the variability in course demand and controlling costs while maintaining high quality instruction, Rowan-Cabarrus has relied on adjunct faculty since its origin in the 1960's. Employment of adjunct faculty is the best approach for providing high quality, experienced instructors with current, real-world experience to supplement our full-time faculty without introducing an unsustainable expense of additional full-time faculty. Like our sister institutions, we operate with a lean budget; we must remain responsive to unexpected funding cuts and variability in demand that is driven from external forces such as high unemployment.

Rowan-Cabarrus Community College is certain that we will have to reduce the total hours that adjunct faculty can teach because of IRS regulatory changes related to the Affordable Health Care Act. In December of 2012, the IRS published guidance that requires us to consider more than instructional time when calculating benefits eligibility, stating specifically that it is "unreasonable to only consider the time spent in instruction". A ratio of 3 hours of service time for every one credit hour of instruction was suggested by the IRS since faculty are exempt employees by Department of Labor standards and don't require tracking for actual hours worked. Effectively, this means that an instructor cannot teach more than three, 3-credit hour courses without exceeding the 30-hour threshold for health care coverage eligibility. While the IRS is taking comments on this point, it is unclear whether anything other than the 3:1 ratio will be acceptable.

The regulations that should result in greater access to affordable health care ultimately work against the adjunct faculty. Reducing the course load for adjunct faculty is the only way that Rowan-Cabarrus can avoid the unfunded liability of additional health care cost. This further compounds the problem for adjuncts who still aren't covered by health insurance, and now, have a reduction in income because we reduced the number of hours they will be working for us.

The impact ultimately reaches our students. Rowan-Cabarrus must consider reducing courses offered if we don't have an adequate number of faculty to teach. Students can't get jobs if they can't get the courses they need to complete degrees. This is a tremendous economic impact for them, but it is also a drag on the economic engine of our community since they can't be contributors to the tax base or consumers of goods without an income.

### **The Administrative Burden of Affordable Health Care**

Not only does the Affordable Health Care Act negatively affect adjunct faculty income and slow student progress toward employability, it introduces a massive administrative burden that comes with unanticipated costs. Rowan-Cabarrus will incur one-time costs to establish processes needed and will have recurring costs related to managing the workforce, determining eligibility, notification, and enrollment. There will be new billing, remittance and collections processes for health coverage for former employees who no longer work for us.

As a population, adjunct faculty may work one semester and not the next or teach multiple courses one semester and teach only one course in the next semester. Measurement periods have to address the intermittent and varied nature of their work. When applying safe harbor rules, the multiplicity of periods and the variations in employee populations are complex. Employees who don't even work for us currently, but worked for us during the measurement period, are still qualified to participate in our health plan during the next stability period but insurance premiums can't be payroll deducted since they aren't working for us. Since by state regulations we can't debit a checking account, we face collection issues and expense for premiums if not reimbursed.

### **Penalties**

The Affordable Health Care Act brings a set of complex regulations and associated penalties, which if unintentionally breached, could have catastrophic results. Even with the 5% margin of error provided by regulations, a single, systematic error that inadvertently excludes individuals from coverage could result disastrous and crippling penalties.

### **Summary**

Like our sister institutions, Rowan-Cabarrus must reduce the number of hours that adjunct faculty can teach. As we evaluate course schedules for the fall semester, we are acutely aware that our students will be affected when courses are eliminated from the schedule. Their employability is slowed, which in turns affects our local economic engine since they won't be earning and contributing. Dedicated, adjunct faculty who have had steady, multi-course workloads for years will lose income as their course loads are reduced. Consequently, these employees will

have less disposable income to put back into our economy and less money to buy health care through health care exchanges.

Thank you again for the opportunity to present the impact of Affordable Health Care regulations on our institution. We are hopeful that our remarks today highlight the very real impact of the Affordable Health Care Act on our institution, our employees and on our community.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Tina M. Haynes".

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