

**THE AFFORDABLE CARE ACT AND
HIGHER EDUCATION –
UNINTENDED CONSEQUENCES**

**ANNOTATED OUTLINE OF TESTIMONY
HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE**

BY

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Mr. Chairman and members of the committee, I am grateful for the opportunity to testify before you today on this important matter as a Senior Vice President and Dean of a large and rapidly growing graduate school at a private university. The matters I intend to discuss regarding the unintended consequences of the implementation of the Affordable Care Act on higher education are of great importance to me, to my institution and to other colleges and universities across the country.

The University I represent, Concordia University Chicago, is a 150-year-old, private, Lutheran University located in the suburbs of Chicago, Illinois. Concordia enrolls over 5000 students with over 4000 of them being graduate students. We are proud to be recognized as the fifth-largest private graduate school in Illinois. Our growth has been remarkable, especially over the last seven years. One of the reasons for that growth is that we have refocused our institution's mission on serving primarily first-generation graduate students and students representing frequently underserved communities and populations. In our ground-based, face-to-face instruction program we teach students in 61 separate locations in the Chicago area. We do this in order to ensure that the opportunity to attend graduate school is as convenient and cost-effective for working adults as we can make it. We provide similar services and programs in many states but in particular to high concentrations of students in New York City, Ohio and Oregon. Our programs have a major emphasis on leading to advancement, employment and increased earnings potential for our students. Our programs are marked by being affordable, flexible and convenient.

Concordia University Chicago is comprised of four separate colleges. The College I represent is the largest of the four. It is the College of Graduate and Innovative Programs. As I said earlier, my College

has over 4000 graduate students and 300 adult, undergraduate students studying in over 56 degree and certificate programs. Several of those programs are recognized by accreditors and others as nationally exemplary programs. In my College we employ over 500 full and part-time faculty. We also employ 71 full-time, tenure-track faculty and over 400 non-tenure track, part-time, and or adjunct faculty, sometimes referred to as contingent faculty. We have 27 full-time staff employees; several dozen student workers, such as graduate assistants, teaching assistants, and others. As a consequence of our review of our human resource records and teaching assignments, we have discovered that nearly 200 of our non-tenure track faculty could be affected by the 30 hour rule of the affordable care act. Most of my remaining comments will be focused on the unintended, negative consequences of the Affordable Care Act, as it currently exists, on those 200 non-tenure track faculty, students and the College.

First, there is a significant financial burden resulting. Based on our understanding of the Act and upon the advice of counsel it is estimated that if Concordia University Chicago fails to comply with the Act it will be exposed to potentially significant penalties, perhaps \$2000 per employee per year. The cost could even be as high as \$3000 per employee per year.

Concordia University, as well as many other colleges and universities across the country, are working hard to appropriately respond to the opportunities and constraints of the Affordable Care Act on our finances and operations. Concordia University Chicago is currently assessing the impact of putting a cap on teaching loads for part-time, adjunct and contingency faculty. Without this cap, our estimate is that the annual insurance cost per identified employee would be an additional \$12,500. Given the number of part-time faculty who may be affected, that would result in nearly \$1 million of increased employee benefit costs to my College alone. That would represent a 27.9% increase in our overall benefits expense. If we were to pass on that cost to students, the tuition increase would be substantial, especially to those students least able to afford it.

According to the National Education Association, "Contingent faculty members get paid little as it is and cutting their work hours will make it even harder for them to make ends meet. But cutting their hours could also mean that experienced faculty members teaching multiple courses will have to give up courses that will be taught instead by new, inexperienced faculty; that would hurt students by depriving them of experienced faculty." For the NEA to take this position in admitting the potential deleterious effect on students of the "caps," is of great significance, we believe. Concordia University Chicago would prefer not to have to cap the instructional hours that we make available to our contingent faculty. The impact on faculty earnings as well as on our students would be painful. Some states are already reducing teaching hours. Indiana for example has reduced hours in state schools to 12 per semester for adjuncts and Michigan has made a reduction to 10 hours per semester.

However, it is not only contingent faculty who will be affected by the implementation of the Affordable Care Act. Concordia University Chicago will be forced to consider cutting the hours of other staff and even student workers. In a study recently completed by the Center for Digital Education, it was concluded that, " Part-time administrative, health, custodial, and even students will be deeply affected."

So with all due respect, I come before you to seek only for relatively simple things from this committee:

- We would like to see the Committee strongly suggest that a thorough, accurate and detailed review of the unintended, deleterious impact of ACA on universities, colleges, faculty, staff, and students be undertaken.
- We are also hoping that, based on the results of that review, rules, procedures and definitions would be developed in order to insulate these groups from dire consequences.
- Thirdly we would hope that the Committee would suggest that colleges and universities be provided with clear definitions and standards for identifying employees and others who may be impacted by the act.
- Finally, at all costs, that the Committee help to ensure that the evolution of the implementation of the Act results in no unnecessary or additional economic or opportunity burden to be placed on students – especially those who are least able to manage them or who have been historically among those groups most overlooked.

I am grateful and honored to have had this opportunity to express our point of view.

Thank you for your time and consideration.