

OFFICE OF FISCAL ANALYSIS

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sHB-6791

AN ACT CONCERNING UNEMPLOYMENT BENEFITS FOR ADJUNCT HIGHER EDUCATION FACULTY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
UConn	Various - Cost	122,046	122,046
UConn	Various - Cost	Potential Significant	Potential Significant
Board of Regents for Higher Education	Various - Cost	41,113	41,113
Board of Regents for Higher Education	Various - Cost	Potential Significant	Potential Significant
Labor Dept.	GF - Cost	33,500	8,000

Note: Various=Various; GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a new process regarding potential eligibility for unemployment among all college and university adjunct instructors. The bill results in a potential significant cost to the constituent units, beginning in FY 24, associated with the possibility of increased unemployment claims. The significant cost is potential because the Connecticut Department of Labor ultimately determines whether to grant unemployment benefits. However, the bill is likely to result in unemployment benefits for at least some adjuncts, particularly for the Board of Regents.

The bill also results in annual costs, beginning in FY 24, of \$122,046 to UConn and \$41,113 to the Board of Regents, associated with the addition of personnel needed to comply with the bill's requirements to submit lists of adjuncts regarding potential eligibility for

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unemployment benefits. Additionally, costs are expected to the Department of Labor (DOL) of approximately \$33,500 in FY 24, associated with staff time (\$18,500) and consulting costs (\$15,000) for information technology upgrades to the UI administration system, with ongoing annual costs of \$8,000 for consulting.

Unemployment benefits. The potential significant cost related to unemployment benefits is borne by the constituent units because as reimbursable employers, the units do not pay unemployment insurance taxes. Rather, they reimburse the state Unemployment Insurance Trust Fund dollar-for-dollar on all benefits paid for former employees.

The bill establishes that "reasonable assurance" of similar future employment for adjuncts and other higher education employees is met – and unemployment is less likely to be required – if, among other criteria: (1) the contract is not contingent on course programming, and (2) a contract for the next term is in place at least ten days before the end of the current term. Those who lack reasonable assurance may potentially be considered eligible for unemployment benefits, and those who are determined to have reasonable assurance but are not re-hired may seek unemployment benefits.

Due to the bill's reasonable assurance standards, the Board of Regents institutions anticipate potentially needing to pay unemployment costs for nearly all its adjuncts, for, at minimum, the periods between academic terms. Each semester, the Board of Regents institutions employ between approximately 3,400 and 4,350 adjuncts, based on semester information from fall 2019 through spring 2022. Between 76 and 84 percent of adjuncts (ranging from approximately 2,900 to 3,400 individuals) were returning after teaching the prior semester. Adjunct contracts offered by the Board of Regents typically are contingent and at least sometimes are not offered in the listed timeframe. Consequently, many Board of Regents adjuncts could be assessed by the labor department as lacking reasonable assurance, and therefore potentially eligible for unemployment.

The potential significant cost to the University of Connecticut

(UConn) is also associated with the possibility of newly paying unemployment compensation to some adjuncts due to the bill. In FY 22, approximately 850 adjuncts were employed by UConn; of these, approximately 670 did not have multi-year contracts and therefore could have been assessed as lacking reasonable assurance.

The extent of the bill's potential costs to the constituent units will depend on numerous factors regarding the adjuncts who are determined by the labor department to be eligible for unemployment. These factors include but are not limited to whether the persons file for unemployment, gross wages over the year from all sources, and family size. The pay rates of adjuncts were approximately \$1,050 biweekly on average for the Board of Regents in FY 22, with average semester earnings of \$8,546 for FY 20 through FY 22. At UConn in FY 22, on average adjuncts were teaching 4.2 credits in a semester at an average rate of \$2,078 per credit, for average semester earnings of \$8,750.

Unemployment Insurance (UI) Administration Costs. The bill results in a General Fund cost to the Department of Labor (DOL) of approximately \$33,500 in FY 24 associated with staff time (\$18,500) and consulting costs (\$15,000) for information technology upgrades to the UI administration system. These resources will enable the incorporation of lists from higher education institutions in determining whether employees have a "reasonable assurance" of returning to the institution that employed them.¹

Beginning in FY 25 it is anticipated the agency can accommodate the requirements of the bill with consultants only, estimated at a cost of approximately \$8,000 annually.

Constituent Unit Personnel. The annual cost to UConn is associated with the hiring of two 0.5 FTE program managers at anticipated costs totaling \$122,046 in FY 24, consisting of \$60,000 in wages and \$62,046 in

¹ Per the United States Department of Labor, lists provided by higher education institutions of employees that do and do not have "reasonable assurances" cannot be the sole determining factor for eligibility and the state still must make individual determinations on the existence or nonexistence of reasonable assurance.

fringe benefits². These staff will be responsible for working with department chairs and other personnel to gather and submit the required information on each adjunct employed by the university. The annual cost to the Board of Regents for personnel to carry out the bill's duties are estimated to total \$41,113 consisting of \$20,212 in wages for a 0.5 FTE Data Analyst I and fringe benefits of \$20,901. It is anticipated that accomplishing the bill's list duties will require more time for UConn than the Board of Regents, as it is expected that at least some UConn adjuncts may meet the reasonable assurance standard and therefore UConn will need to compile more-detailed information.

These increased personnel costs may be funded by either the General Fund or other constituent unit revenues (e.g., tuition). If the new positions are funded through the General Fund, then the fringe benefits costs will be incurred within the Office of the State Comptroller.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation in adjunct pay rates, overall wage inflation, and the number of adjuncts employed by the constituent units.

² The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 103.41% of payroll in FY 23.