

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2740 - 2

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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### **Measure Description:**

Establishes uniform method for calculating hours of employment of a part-time faculty member of a community college or a public university.

### **Government Unit(s) Affected:**

Higher Education Coordinating Commission, Public Universities, Community Colleges, Public Employees Retirement System

### **Summary of Fiscal Impact:**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

### **Analysis:**

House Bill 2740, as amended by the -2 amendment, establishes a uniform method for calculating hours of employment of part-time faculty members of community colleges or public universities. For purposes of calculating hours of employment of an academic employee of a community college or public university, each hour assigned to the academic employee as an hour of lecture time or as an hour of classroom time constitutes 2.67 hours of employment. The measure takes effect on January 1, 2024.

### **Public Universities and Community Colleges**

The measure is anticipated to have a fiscal impact on public universities and community colleges; however, the impact is presently indeterminate. Standardizing the conversion of teaching/classroom/lab hours for calculation of eligibility for the Public Employees Retirement System (PERS) will increase the number of part-time employees who are eligible for PERS, which is anticipated to substantially increase the cost of PERS to public universities and community colleges. However, it should be noted that the measure would not increase employee wages or salaries.

While a couple public universities currently use the 2.67 workload units to hours conversion factor, most do not. Using this new standard conversion factor is estimated to substantially increase PERS contribution costs for public universities and community colleges. The amount of the increase is unknown, as it will depend on the increase in eligible part-time employees, hours worked, annual salaries, and whether a public university or community college currently uses a standard conversion factor that is lower than the multiplier required by the measure. Furthermore, since public universities and community colleges do not currently track faculty hours, public universities and community colleges may have to develop new systems for tracking hours for academic employees, which would require some coordination with PERS to ensure that reporting is handled consistently under the new standard conversion factor.

### **Public Employees Retirement System**

The measure is not anticipated to have a fiscal impact on PERS' administrative costs. The fiscal impact would be an increase in employer contribution rates.

### **Other Government Units**

The measure is anticipated to have a minimal fiscal impact on the Higher Education Coordinating Commission.