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## COMMUNITY COLLEGE HEALTH INSURANCE TALKING POINTS 2020

- The colleges desire to remain an important community asset but also to play an integral role in our state’s workforce and economic strategies.
  - The colleges need to change the current course of funding reductions.
- Health insurance costs for the community colleges are an important concern for two reasons:
  - First, the colleges will be absorbing a projected \$7.2M in the upcoming biennium related to projected healthcare cost increases.
  - Second, the colleges have seen four significant cuts in state aid since 2010 that have been compounded by local impacts:
    - \$53.8M lost to decreased state aid that includes 18% inflationary cost increases, the \$7.2M charge for BY2020, and \$4M lost to decreasing local mill levies.

### Optional Responses:

1. **How is the \$7.2M expense calculated?** The calculation takes into account the current covered employees and retirees of the colleges to project health care costs for the upcoming biennium. \$7.2M is subtracted from the calculated need and expensed to the colleges based on a prior agreement with the legislature. It is having a significant and burdensome impact on operations.
2. **The colleges covered this cost in the last biennium, why is the upcoming biennium any different?** That is true but it didn’t come easy. It will be reluctantly paid for out of the block grant/state aid this coming biennium for lack of another state funding source. The colleges each responded to the increased costs with significant cost reductions, decreasing cash reserves, and some layoffs. With costs increasing across the board for colleges, there are similar pressures to reduce costs in similar fashion, once again in the upcoming biennium.
3. **How will the colleges cover this cost if the state cannot find the funds to help?** The colleges cannot meet projected healthcare costs through position vacancies or turnover. Each college will have to make more cuts or draw from reserves, including a few that will consider further reductions in their numbers of employees. The colleges will continue to pay the cost of employer-provided health insurance for up to six months following a reduction in force.
4. **What will the impact be to employees?** Budget concerns of this magnitude always impact employees including morale. It is the desire of the colleges to provide a stable and engaging work environment with competitive benefits that attract the best people. Employees were given a 2% wage increase during the last legislative session that will effectively be lost to health insurance premium cost increases they incurred as of Jan. 1 and will be further impacted with benefit changes expected in the upcoming biennium.