

# Providing Constructive Feedback On Policy Proposals:

**H.R. 5262**

**The Student Worker Exemption Act**

**Rep. Mark Meadows (R-NC-11)**

# Policy Challenge

- Under the employer mandate of the Affordable Care Act (PL 111-148), large employers are required to provide insurance plans to “full-time” employees
- Full-time employees: 30 hours a week for at least three months
- Effective date: January 1, 2015
- IRS has stated that UNC student insurance health plan will not qualify for employer mandate
- UNC System has 7,778 non-permanent employees
  - 3,900 of those are students

# Implications and Costs

- Barring further action by the Administration or Congress, UNC institutions may have to limit hours for student employees or decrease number of non-permanent employees
- Cost for providing coverage to non-permanent employees under the State Health Plan:
  - **\$11.6 million; \$5.8 million for students alone**
- May force UNC institutions to limit work schedules for student workers
- May also force institutions to reduce number of non-permanent employees

# Background

- Student employees are not typically covered under institution's employee insurance plan
- UNC System Insurance Requirement:
  - UNC System requires students to have insurance
    - Otherwise auto-enrolled in UNC system-wide student insurance plan
  - Students often covered by family's insurance (until they are 26)
- Student employees often exceed 30 hour threshold
- Currently, UNC provides a “Gold Plan” at “Bronze Prices” at a cost far lower than students could obtain on an exchange

# History

- Higher Ed community took notice of issue in 2013
- Representatives of the community met with officials from Dept. of Treasury to voice concerns
  - Unfortunately, those conversations and subsequent letters have not led to a solution

Dear Mr. Iwry:

On behalf of the American Council on Education and the undersigned higher education associations, I am writing to follow up our recent meeting concerning the treatment of student employment in higher education under the proposed regulations concerning employer shared responsibility for employee health insurance coverage. (See 78 Fed. Reg. 218 (Jan. 2, 2013) (“NPRM 4980H”).)

As we indicated in our meeting, we are deeply worried about the effect of the implementation of the Affordable Care Act (“ACA”) on student employment at higher education institutions. In particular, we are concerned that the final regulations will inadvertently impose a terrible choice on colleges and universities: ensuring that needy students have sufficient work necessary to pay for school, or limiting student work hours to avoid additional health insurance costs in already tight budgets. Accordingly, we ask that in crafting the final regulations on this issue, the Department carefully balance the competing concerns of student access to higher education, the central goal of federal higher education policy, and the goal of the ACA to ensure broad access to sufficient, affordable health insurance coverage.

As we discussed in our meeting, there are two broad types of student employment in higher education: 1) students working primarily to earn funds necessary to pay for the cost of college. Often this work is performed on campus; and 2) students working, often though not exclusively, off campus for an employer in an internship or cooperative education program that provides an experiential learning component of the academic program in which the students are enrolled.

March 18, 2013

Internal Revenue Service  
CC:PA:LPD:PR (REG-138006-12)  
Room 5203  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

Re: Shared Responsibility for Employers Regarding Health Coverage (REG-138006-12)

Dear Sir or Madam:

On behalf of the American Council on Education (“ACE”) and the undersigned higher education associations, I am writing to comment on the Notice of Proposed Rulemaking issued by the Department of the Treasury and the Internal Revenue Service (collectively, the “Department”) regarding section 4980H of the Internal Revenue Code (“Code”), which addresses the shared responsibility for employers regarding employee health coverage, 78 Fed. Reg. 218 (Jan. 2, 2013) (“NPRM 4980H”).

Together, we represent approximately 4,300 two- and four-year non-profit public and private colleges and universities. We work to address the toughest higher education challenges, with a focus on improving access and preparing every student to succeed. We strive for implementation of the Affordable Care Act (“ACA”) in a manner that works best for students, institutions, and employees in higher education. The goal of these comments is to ensure that federal regulations provide appropriate coverage for students who work on campus and adjunct faculty members who are truly full-time employees. Specifically, we write in support of safe harbors for students who work on campus and adjunct faculty in order to more accurately account for their employment status.

# Conversations with NC Congressional Delegation

- In early 2014, UNC President Tom Ross discussed the issue with members of the NC Congressional Delegation
- Chancellor Belcher also discussed issue with Rep. Mark Meadows (R-11<sup>th</sup>)
- Meadows office was receptive to our concerns.



# Working with Meadows' Office

- Over the summer, UNC worked with Rep. Meadows to craft a legislative solution to this issue.
- Involved discussions and consultation between UNC, ACE (American Council on Education), CUPA-HR (College and University Professional Association for Human Resources), and Rep. Meadows' staff
- Multiple iterations of definitions and legislative language

# H.R. 5262, The Student Worker Exemption Act

- Legislation officially introduced on July 30<sup>th</sup>, 2014
- Provides exemption to employer mandate for undergraduate and graduate students enrolled half-time or more who have campus jobs that are secondary to and supportive of their primary educational purpose for being at the institution
- Endorsed by all DC-based Higher Ed Associations:
  - American Association of Community Colleges (AACC)
  - American Association of State Colleges and Universities (AASCU)
  - American Council on Education (ACE)
  - Association of American Universities (AAU)
  - Association of Governing Boards of Universities and Colleges (AGB)
  - Association of Public and Land-grant Universities (APLU)
  - College and University Professional Association for Human Resources (CUPA-HR)
  - National Association of Independent Colleges and Universities (NAICU)

# Letters of Support



College and University Professional  
Association for Human Resources

July 28, 2014

The College and University Professional Association for Human Resources (CUPA-HR) fully supports the Student Worker Exemption Act. This bill, introduced by Rep. Mark Meadows of North Carolina, will provide much needed clarity and relief for institutions of higher education with regard to the treatment of student workers under the employer mandate of the Affordable Care Act (ACA).

The ACA's employer mandate currently requires colleges and universities to offer health insurance coverage to their student workers if the student works 30 hours a week or more for at least three months (though the agencies enforcing the ACA have provided a limited exemption for students on federal and state work study programs). Student workers typically obtain healthcare through student plans offered by the college or university or through their parents' health coverage, so requiring schools to also offer healthcare under an employee plan is redundant.

Moreover, opening these employee plans up to students would impose substantial administrative and financial burden on institutions. Many colleges and universities will have little choice but to limit the number of hours and jobs that students may work to avoid triggering the employer mandate and resulting costs. Campus jobs provide students with funding to help support their educational progress and with work experience. In short, applying the employer mandate to students, who already have access to healthcare, will limit their work opportunities. This simply doesn't make sense.

The Student Worker Exemption Act would provide an exemption to the employer mandate for undergraduate and graduate students enrolled half-time or more who have campus jobs that are secondary to and supportive of their primary educational purpose for being at the institution. It will avoid unnecessary duplicative insurance coverage, and allow students access to healthcare with well-established student or parental healthcare plans that don't depend on the student's fluctuating work schedules. The bill will also preserve jobs and ensure access to student work options.

For these reasons, we support the legislation and encourage Congress to work together to pass it quickly.

**Who We Are:**

*The College and University Professional Association for Human Resources (CUPA-HR) serves as the voice of human resources in higher education, representing more than 17,000 HR professionals at over 1,900 colleges and universities across the country, including close to 91 percent of all U.S. doctoral institutions, 77 percent of all master's institutions, 57 percent of all bachelor's institutions, and 600 two-year and specialized institutions. Higher education employs 3.7 million workers nationwide, with colleges and universities in all 50 states.*



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Leadership and Advocacy

August 13, 2014

The Honorable Mark Meadows  
The U.S. House of Representatives  
Washington, DC 2015

**Re: Endorsement of Student Worker Exemption Act of 2014 (H.R. 5262)**

Dear Representative Meadows:

On behalf of the American Council on Education and the undersigned higher education associations, I write to endorse the "Student Worker Exemption Act of 2014" (H.R. 5262), which addresses a significant issue concerning the treatment of student employees under the employer mandate of the Affordable Care Act (ACA).

Colleges and universities work diligently to ensure that financially needy students can find employment opportunities, frequently on campus. Student employment has long been an important component of federal financial aid policy because undergraduate and graduate students with financial need use it as a form of "self-help" in paying their educational expenses. Unfortunately, the ACA's employer mandate inadvertently interferes with this well-established system because it requires schools to offer employer-provided health insurance coverage to some students working 30 or more hours per week, even though students can already access affordable coverage through their parents or other means.

Schools are already under budgetary restraints. As a result, the mandate could force institutions to choose between ensuring that some needy students have sufficient work opportunities to pay for school versus limiting student work hours to avoid additional health insurance costs. It would also impose an additional administrative burden on institutions by requiring them to track the work hours of some students, which can be difficult, to ensure that they are not exceeding the 30-hour threshold. The "Student Worker Exemption Act" provides a reasonable solution to this challenge by exempting full-time students from the ACA's employer mandate.

Student employees are not typically covered under an institution's employee health insurance plan, so applying the employer mandate in this circumstance is unnecessary. Instead, students can receive coverage through their families' plans (until they are 26) or under ACA-regulated student health plans, which institutions may subsidize through their financial aid programs or provide at no cost as part of a graduate school award package. Students are also able to purchase coverage through individual market exchanges, possibly

with premium tax subsidies, or in some states through Medicaid, if they are income-eligible.

We appreciate your strong leadership on this issue and are pleased to offer support for this bill. We look forward to assisting in your efforts to advance this needed and important legislation.

Sincerely,

Terry W. Hartle  
Senior Vice President

TWV/lhw

On behalf of:

American Association of Community Colleges  
American Association of State Colleges and Universities  
American Council on Education  
Association of American Universities  
Association of Governing Boards of Universities and Colleges  
Association of Public and Land-grant Universities  
College and University Professional Association for Human Resources  
National Association of Independent Colleges and Universities

# Current H.R. 5262 Cosponsors

- Rep. Charles Boustany (R-La.)
- Rep. Howard Coble (R-N.C.)
- Rep. Rodney Davis (R-Ill.)
- Rep. Jeff Duncan (R-S.C.)
- Rep. Renee Ellmers (R-N.C.)
- Rep. Richard Hudson (R-N.C.)
- Rep. Walter Jones (R-N.C.)
- Rep. Mike McIntyre (D-N.C.)
- Rep. Luke Messer (R-Ind.)
- Rep. Patrick Murphy (D-Fla.)
- Rep. Robert Pittenger (R-N.C.)
- Rep. Reid Ribble (R-Wis.)
- Rep. Tom Rice (R-S.C.)
- Rep. Todd Rokita (R-Ind.)
- Rep. Peter Roskam (R-Ill.)
- Rep. Aaron Schock (R-Ill.)
- Rep. Carol Shea-Porter (D-N.H.)
- Rep. Mike Turner (R-Ohio)

## Next Steps

- Sen. Hagan: Seeking regulatory solution with IRS staff on behalf of UNC
- ACE, CUPA-HR, UNC meeting with IRS in October for further negotiations
- Lame duck session, Holiday Recess...