

Bond Case Briefs

Municipal Finance Law Since 1971

Facing Obamacare Mandate, Governments May Turn to Temps.

Many states and localities are cutting their employees' hours to avoid having to offer them health insurances. Some say they'll make up the workload by hiring more temporary workers.

The city of Mason, Ohio, faced a dilemma last year. Looming mandates from the Affordable Care Act required employers with at least 50 workers to provide coverage for those working an average of 30 hours per week. About half of Mason's 400 employees were part-timers not receiving health benefits; they would have to be covered under the new mandate. Expanding coverage would cost the city an additional \$3.4 million annually, a large sum in a city whose general budget has only been around \$24 million in recent years. But by not complying, Mason could be hit with hefty federal fines.

In the end, officials took a different tack. The city set a cap of 25 hours a week for part-timers, trimming their hours to avoid the mandate.

Other localities and states are making difficult decisions of their own to comply before the rule takes effect next year. Many agencies, particularly state colleges and universities, are cutting hours for those not currently receiving health benefits. In other cases, personnel offices are changing workers' status or reshuffling other categories to comply. For example, Virginia last spring capped all nonsalaried wage employees at less than 30 hours a week.

The move, which the state says keeps it from spending an additional \$110 million a year on health coverage, affects some 10,000 state workers, mostly on college campuses but also in agencies such as the Department of Conservation and Recreation and in state-run liquor stores.

In some places, the changes have involved employees who wouldn't have used the government insurance plans anyway. Many of the affected Mason employees, for example, are students or retirees already covered by other plans. "I had a number of them come to me and say, 'I don't want health care, I just want a paycheck,'" says Assistant City Manager Jennifer Heft.

Will all these cutbacks and caps lead to more temporary and part-time public workers? Possibly, although it's too soon to know for sure. Certainly governments will have to find some way to make up the workload. (States and localities employ about 4.7 million part-time employees nationwide, accounting for a third of their workforce, according to the Census Bureau's most recent survey estimates.) Heft says that Mason has already hired between 30 and 50 part-timers. In Virginia, state human resources Director Sara Wilson says she expects agencies to respond by either hiring more temporary workers or converting some part-timers to full-time status.

Some states haven't had to take such drastic measures.

In Delaware, for example, part-time permanent state employees working more than 15 hours per week can already receive health coverage. A much smaller number of seasonal workers—about 600

by state estimates—do work more than 30 hours and don't receive benefits. Brenda Lakeman, Delaware's director of human resources management and benefits, says the state is coordinating with agencies to conduct reviews and limit the number of temp employees they'll need to cover.

"The key issue we've been stressing," Lakeman says, "is that we're trying to manage this without cutting any hours."

BY [MIKE MACIAG](#) | MARCH 2014

mmaciag@governing.com @mmaciag

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com