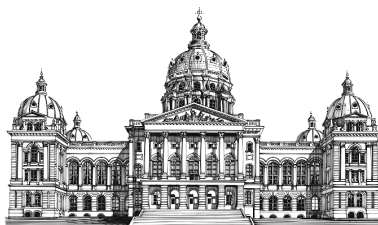

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
June 30, 1993

Early Retirement Program Update

ISSUE

Update on participation in the Early Retirement Program.

AFFECTED AGENCIES

Executive and Judicial Branch Agencies

CODE AUTHORITY

Chapter 1220, 1992 Iowa Acts

BACKGROUND

House File 2454, passed during the 1992 Legislative Session, established an Early Retirement Program for State employees of the Executive and Judicial Branches (excluding members of the Judicial Retirement System). The requirements for participation in the Program included: the employee must have been a member of the Iowa Public Employees' Retirement System (IPERS) or the Peace Officers' Retirement, Accident, and Disability System (POR); the retiree had to be at least 59 years old with 20 or more years of service, and the retirement must have occurred between May 15, 1992, and January 15, 1993.

The Program pays the employer's portion of health and dental insurance premiums at the same rate in effect at the time of retirement until the employee reaches 65 years of age. The retired employee is required to pay any increase in rates (both the employee and employer shares) that occur while participating in the Program.

The legislation required that positions vacated under the Program be deleted from the department's table of organization, unless a waiver was granted by the Department of Management.

CURRENT SITUATION

A total of 361 of 628 eligible employees (a participation rate of 57.5%) elected to retire under the Program. Of the 361 positions, 166 were eliminated and 195 positions were granted waivers which allowed the positions to be refilled. The effective participation rate, excluding

the positions which were refilled, was 26.4%. Attachment A contains a listing of eliminated positions, waivers, and savings by department and by funding source.

In some cases, positions were allowed to be refilled if the funding was from a source other than the General Fund. The General Fund positions which were refilled were deemed to be providing critical services to the public, as the legislation required.

ALTERNATIVES

This Issue Review is presented for informational purposes only.

BUDGET IMPACT

Table 1 lists the savings by fiscal year. The FY 1993 savings are less than the FY 1994 savings because most of the retirements took place during the middle of FY 1993. As employees reach 65 years of age, the State will cease to provide the State share of insurance benefits. Therefore, as the employees reach 65 years of age, the savings to the State will increase by the annual State share of insurance.

Table 1

	Early Retirement Savings		
	General Fund	Other Funds	Total
FY 1993 Savings	\$ 1,362,740	\$ 1,072,762	\$ 2,435,502
FY 1994 Savings	\$ 2,988,283	\$ 2,569,786	\$ 5,558,069

Savings figures are composed of the cost of salary and benefits for those positions not refilled less the cost of all retirees' insurance during the fiscal year.

STAFF CONTACT: Larry Sigel (Ext. 16764)

FY 93 Early Retirement Incentive Program
Final Report - March 10, 1993
FY 93 Savings (from deleted positions)

Department	# of Emp.	# of pos. Elim.	# of Waivers	FY 93 Savings	General Fund	Road Use Tax Fund	Primary Rd Fund	Federal Funds	Other Funds
Agriculture	3	3	0	\$28,330	\$28,330	\$0	\$0	\$0	\$0
Attorney General	1	0	1	\$0	\$0	\$0	\$0	\$0	\$0
Auditor	1	1	0	\$36,103	\$5,813	\$0	\$0	\$0	\$30,291
Blind	1	1	0	\$3,170	\$666	\$0	\$0	\$2,504	\$0
Commerce	7	3	4	\$78,442	\$78,442	\$0	\$0	\$0	\$0
Corrections	20	8	12	\$0	\$0	\$0	\$0	\$0	\$0
Education	15	10	5	\$149,221	\$89,809	\$0	\$0	\$59,728	\$0
Elder Affairs	1	0	1	\$0	\$0	\$0	\$0	\$0	\$0
Employment Services	18	0	18	\$0	\$0	\$0	\$0	\$0	\$0
General Services	1	1	0	\$19,794	\$16,825	\$0	\$0	\$0	\$2,969
Human Services	86	68	18	\$985,646	\$868,455	\$0	\$0	\$111,943	\$5,248
Inspections & Appeals	2	2	0	\$58,269	\$56,367	\$0	\$0	\$0	\$1,902
Judicial	15	0	15	\$0	\$0	\$0	\$0	\$0	\$0
ILEA	1	0	1	\$0	\$0	\$0	\$0	\$0	\$0
Management	1	0	1	\$0	\$0	\$0	\$0	\$0	\$0
Natural Resources	11	3	8	\$97,170	\$80,113	\$0	\$0	\$0	\$17,058
Public Defense	3	0	3	\$0	\$0	\$0	\$0	\$0	\$0
Public Health	2	0	2	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety	6	0	6	\$0	\$0	\$0	\$0	\$0	\$0
Revenue & Finance	9	9	0	\$107,316	\$73,189	\$0	\$0	\$0	\$34,127
Veterans Affairs	5	3	2	\$60,149	\$60,149	\$0	\$0	\$0	\$0
Transportation	152	54	98	\$811,890	\$4,582	\$44,443	\$707,268	\$0	\$55,596
Total	361	166	195	\$2,435,502	\$1,362,740	\$44,443	\$707,268	\$174,175	\$147,191

Source: Department of Management