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**HF 549** – Teacher Collective Bargaining (LSB2589HV.1)  
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Fiscal Note Version – As amended and passed by the House

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**Description**

**House File 549** changes the collective bargaining process for employees of a public school district or area education agency (AEA). This Bill eliminates the requirement that an arbitrator's award for each impasse item be restricted to the final offers submitted by the parties. The arbitrator must make an award that stays within the confines of the final offers for each impasse item.

The Bill requires an arbitrator to consider a comparison of wages, hours, and conditions of employment of public teachers with those of private sector employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.

The Bill also prohibits an arbitrator from considering the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services. The Bill also prohibits an arbitrator from considering the power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

The Bill applies to binding teacher contract arbitrations on or after the effective date of the Bill.

**Background**

Under current law, an arbitrator must choose between the final offers of the parties for each impasse item.

There are currently 338 school districts.

For the period of FY 2010 through FY 2014, a total of 26 public school district and AEA arbitrations took place as follows:

- FY 2010        11
- FY 2011        6
- FY 2012        1
- FY 2013        4
- FY 2014        4

A total of 43 items were considered in the 26 arbitrations. Of those, 20 were decided for management and 23 for labor. Of the 43 items, 25 involved wages and 11 were decided in favor of management and 14 for labor.

**Assumptions**

- The estimated total cost for an arbitrator is \$15,000, with each party paying half (\$7,500).
- The average cost of legal counsel for each party is an estimated \$5,500.

### **Fiscal Impact**

[House File 549](#) as amended and passed by the House, may increase administrative costs for school districts and AEAs if negotiations result in more arbitrations than the number experienced under current law. While it is anticipated that the number of arbitrations will increase, it is not possible to estimate the number. The estimated administrative cost for a school district will be \$13,000 per arbitration. The cost will be paid for from the school district's general aid specified in Iowa Code chapter [257](#). This includes State General Fund support and local property tax revenues.

An increase in the number of arbitrations will also cause a minor increase in the workload for the Public Employment Relations Board (PERB). The PERB is supported by the General Fund and the impact to the General Fund is estimated to be minimal.

It is unknown how the arbitrator will rule when making required comparisons with private sector employees and no longer considering the power of the public employer to levy taxes and appropriate funds for the conduct of its operations. It is also unknown how the parties will adjust their final offers compared to current law. Therefore, it is possible for this change to lead to lower or higher awards by the arbitrator.

### **Source**

Public Employment Relations Board

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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