

3-13-97 Do Pass
S. 4/8/97 Education

FEB 21 1997
EDUCATION

HOUSE FILE 319
BY HEATON

(p. 1003)
Passed House, Date 4-3-97
Vote: Ayes 89 Nays 10
Approved _____

Passed Senate, Date _____
Vote: Ayes _____ Nays _____

A BILL FOR

1 An Act expanding the age range of the employees to whom the board
2 of directors of a school district may offer a retirement
3 incentive program, expanding the conditions under which the
4 district may utilize the district management levy to pay for
5 the program, and providing effective and retroactive
6 applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 319

1 Section 1. Section 279.46, Code 1997, is amended to read
2 as follows:

3 279.46 RETIREMENT INCENTIVES -- TAX.

4 The board of directors of a school district may adopt a
5 program for payment of a monetary bonus, continuation of
6 health or medical insurance coverage, or other incentives for
7 encouraging its employees to retire before the normal
8 retirement date as defined in chapter 97B. The program is
9 available only to employees between fifty-nine fifty-five and
10 sixty-five years of age who notify the board of directors
11 prior to March April 1 of the fiscal year that they intend to
12 retire not later than the next following June 30. However,
13 the age at which employees shall be designated eligible for
14 the program, within the age range of fifty-five to sixty-five
15 years of age, shall be at the discretion of the board. An
16 employee retiring under this section shall apply for a
17 retirement allowance under chapter 97B or chapter 294. If The
18 board may include in the district management levy an amount to
19 pay the total estimated accumulated cost to a the school
20 district of the health or medical insurance coverage, bonus,
21 or other incentives for employees who retire under this
22 section does-not-exceed-the-estimated-savings-in-salaries-and
23 benefits-for-employees-who-replace-the-employees-who-retire
24 under-the-program, the board may include in the district
25 management-levy-an-amount-to-pay-the-costs-of-the-program
26 provided-in-this-section.

27 Sec. 2. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY. The
28 section of this Act that amends section 279.46, being deemed
29 of immediate importance, takes effect upon enactment and
30 applies retroactively to retirement incentive programs in
31 existence on December 31, 1996.

32 EXPLANATION

33 This bill makes changes affecting the retirement incentive
34 programs school districts may offer to employees and pay for
35 through the district management levy. Currently, districts

1 can pay for the program through the district management levy
2 if the program is offered to employees between the ages of 59
3 and 65 and if the total estimated accumulated program cost to
4 the school district does not exceed the estimated savings.
5 Under the bill, the age limit is reduced to age 55, and a
6 district may include in the district management levy an amount
7 to pay the total estimated accumulated program cost to the
8 district, whether or not the cost exceeds savings. Under the
9 bill, this provision would take effect upon enactment and
10 apply retroactively to retirement incentive programs in
11 existence on December 31, 1996.

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**HOUSE FILE 319
FISCAL NOTE**

A fiscal note for **House File 319** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 319 allows school boards to extend retirement incentives to employees between age 55 and 59. The Bill also allows school boards to include the total estimated accumulated cost of the retirement incentive in the Management Levy. Currently, retirement incentives can only be offered to employees between age 59 and 65. Also currently, the retirement incentive can be included in the Management Levy only if the incentive does not exceed the estimated savings.

ASSUMPTIONS

1. In FY 1997, 2,308 full-time teachers are age 55 to 59. Of these, 1030 full-time teachers meet the "rule of 88."
2. The average salary of these full-time teachers is \$38,850.
3. Replacement teachers would earn \$28,878.
4. Half of the eligible teachers would retire in FY 1997 and half in FY 1998.
5. This Bill is approved before school districts certify their budgets, otherwise the cost estimates will move back a fiscal year.
6. School boards will not approve a significant amount of incentives that exceed the savings.

FISCAL IMPACT

House File 319 will save an estimated \$5.1 million to school districts' General Fund budget and increase the Management Levy (property taxes) up to \$5.1 million. The estimate is based on 515 teachers retiring and the replacement teacher's salary and benefits would be \$9,972 less than the retiring teacher. The estimate includes the retirement incentive to be paid from the Management Levy.

(LSB 2114hh, JAS)

FILED MARCH 17, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR