



HOUSE REPUBLICAN STAFF ANALYSIS

Bill: Senate File 2062
Committee: State Government
Date: January 27, 2010
Staff: Kristi L. Kielhorn (2-5290)

Early Retirement

Senate File 2062 provides for a retirement incentive [early retirement] for certain state employees. Fiscal services estimates that the program would result in FY 2010 savings of \$6.1 million for all funds, including \$2.8 million for the General Fund. There would be additional savings in years 2011—2015.

Summary of Action

Passed the Senate 41 – 7.
Passed House State Government 17 – 0 – 4.

Section by Section Analysis

Section 1 – 2010 State Employee Retirement Incentive Program

Definitions:

Eligible Employee – An employee or qualified employee who filed an for benefits in which the employees first month of benefits is no later than July 2010.

Employee – An employee that is employed within the executive branch. Employee does not mean a qualified employee, an elected official, or an employee eligible for the sick leave conversion program for peace officers or natural resources.

Employer – A department, agency, board, or commission of the state that employs individuals.

Health Insurance Premium Benefit – The amount of the monthly premium of an affordable group health care plan offered by the state as determined by DAS for the participant and spouse (if applicable).

Participant – A person who timely submits an application, is accepted, and does participate in the program.

Program – The state employee retirement incentive established in this section.

Qualified Employee – An employee of a judicial district department of correctional services, an employee in the office of a statewide elected official, or an employee of the regents if the board elects to participate in the program.

Years of Service Incentive Benefit – Equals [value of unused vacation] + [\$1,000 for each year of employment up to 25 for eligible employees with at least 10 years of state employment]

Program Eligibility:

Program Eligibility – Employee must do all of the following:

1. Submit DAS approved forms by April 15, 2010
2. Acknowledge in writing the voluntary agreement to terminate employment for the incentives offered
3. Agree to waive all rights to file suit against the state based on the employment relationship
4. Agree to waive all future state employment unless becoming an elected official
5. Agree to sever employment with the state no later than May 28, 2010

Participant Acceptance:

An eligible employee shall be accepted DAS determines the employee meets all of the requirements to be eligible

Program Benefits:

Upon acceptance to participate and ending employment no later than May 28, 2010 a participant shall receive all of the following:

1. September 2010 and each September after for a total of 5 years the employee will receive 20 percent of the years of service benefit. This is in lieu of a payment for the participant's unused vacation.
2. If the employee does not have enough sick leave to pay for health insurance for the first 5 years after retirement, the state will pay for the participant or spouse based on DAS approved group plans for that insurance.

Vacancies and Re-Employment:

Employers cannot fill vacated positions without DOM approval. Employers cannot offer permanent part-time, permanent full-time, or temporary employment as well as retention as an independent contractor, to a participant. Past employees can however have membership on a boards or commissions.

Program Administration:

DAS shall administer the program and adopt emergency rules. Records from IPERS shall be released in order to administer and monitor the program subject to the requirements of IPERS. DAS and

DOM shall present an interim report to the GA, LSA, and fiscal committee of the legislative council by October 1, 2010 concerning the program. Annual reports shall be filed by October 1, 2011 and for 4 years after that.

Legislative & Judicial Branch Employees:

The Legislative Council may provide a retirement incentive program for legislative employees consistent with the program for executive branch employees. If the Legislative Council does participate, they shall collaborate with DAS to establish the program to be as identical as possible to the executive branch employees program. The program shall establish the same time guidelines and benefit calculations as provided under the executive branch program.

The Supreme Court may provide a retirement incentive program for judicial branch employees consistent with the program for executive branch employees. If the Supreme Court does participate, they shall collaborate with DAS to establish the program to be as identical as possible to the executive branch employees program. The program shall establish the same time guidelines and benefit calculations as provided under the executive branch program.

Section 2 –Effective Upon Enactment

The bill is effective upon enactment because of the immediate importance.