

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8030

BILL NUMBER: HB 1887

DATE PREPARED: Mar 5, 2001

BILL AMENDED: Mar 5, 2001

SUBJECT: Institutional teachers.

FISCAL ANALYST: Chuck Mayfield

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**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill provides that a retired state employee who was employed as a teacher in a state institution by the Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, or the Silvercrest Children's Development Center may participate in a state employee health insurance plan if the retired teacher was employed and participated in the employee's retirement plan for 10 years immediately preceding retirement. It specifies that teacher compensation paid by the Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, and Silvercrest Children's Development Center: (1) includes salary, an additional amount, payable to each teacher as salary, equal to the total amount of employer contributions made to all local retirement plans, and a severance benefit payable to retiring teachers; and (2) must be equal to the salaries, the employer contributions to local retirement plans, and the severance benefits paid by the largest school corporation in the county in which the institution is located. The bill specifies a grievance procedure to be followed by a teacher employed by a state institution. It makes conforming amendments.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) The bill allows a state employee who taught in a state institution by the Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, or Silvercrest Children's Development Center who retired between age 55 and 65 with 10 years of service to participate in the state health insurance program. Currently an employee would need 20 years of service. The number of people who would qualify is unknown but the impact would probably be minor.

There are about 495 teachers in these state institutions with total salaries of about \$29 M.

The impact of including other wage related benefits, including retirement and severance benefits, is unknown but could be significant. The value of severance and early retirement benefits of local schools range between \$4,950 and \$199,486 for the 2000-01 school year. The average was \$19,403 for severance benefits and \$70,307 for early retirement benefits. If 30 teachers left the state institutions, then the impact could be about \$583,000 for severance benefits or about \$2.7 M for early retirement benefits.

The grievance procedure specified by the bill will have little or no fiscal impact.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Personnel, Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, and Silvercrest Children's Development Center

Local Agencies Affected:

Information Sources: Keith Beesley Department of Personnel , 317-232-3062