Overview

School district levy authority is controlled by the levy limits established by the state legislature. For four years (taxes payable in 1996 to 1999), school districts were given authority to levy up to $300,000 per year in order to pay for the costs of health insurance and unreimbursed medical expenses for retired employees who had retired before July 1, 1992, if the district had agreed to cover these costs.

A school district is not required by state statute to provide health benefits to retired employees. However, a school district, through its collective bargaining process, may agree to cover certain expenses of retired employees.

For taxes payable in 1999, about 100 school districts used this levy authority with a statewide impact of $5.2 million. Since the levy authority is tied to employees who retired before July 1, 1992, the cost is estimated to decline over the next several years. According to fall 1998 estimates prepared by the department of children, the levy cost of this program is $4.3 million for taxes payable in 2000, $3.7 million for taxes payable in 2001 and $3.2 million for taxes payable in 2002.

1 Retired employee health benefits. Removes the sunset on the levy for retired employee health benefits.