

Labor & Industrial Relations
Hutchins, Chair
Anderson
Hultman

FILED JAN 10 1984

SENATE FILE 2040

BY HUTCHINS

Passed Senate, Date 2-9-84 (p.274) Passed House, Date 4-19-84 (P.2325)

Vote: Ayes 44 Nays 0 Vote: Ayes 76 Nays 17

Approved May 4, 1984

A BILL FOR

1 An Act amending Iowa's unemployment compensation law by
 2 crediting earned interest on the special employment
 3 security contingency fund to the temporary emergency
 4 surcharge fund, by limiting expenditures from the
 5 special employment security contingency fund, by
 6 annually transferring certain amounts from the special
 7 employment security contingency fund to the temporary
 8 emergency surcharge fund or to the unemployment trust
 9 fund, and by requiring an annual departmental report
 10 detailing planned expenditures from the special
 11 employment security contingency fund.

S. 2040

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

SENATE FILE 2040

S-5102

- 1 Amend Senate File 2040 as follows:
- 2 1. Page 3, by inserting after line 4 the
- 3 following:
- 4 "Sec. 3. The department of job service may
- 5 appear before the executive council and request
- 6 funds to meet unanticipated emergencies."

S-5102 FILED & ADOPTED
FEBRUARY 9, 1984 (p.374)

BY BILL HUTCHINS

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1 Section 1. Section 96.13, subsection 3, Code 1983, is
2 amended to read as follows:
3 3. SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND. There
4 is hereby created in the state treasury a special fund to
5 be known as the special employment security contingency fund.
6 All interest, fines, and penalties, regardless of when the
7 same they become payable, collected from employers under the
8 provisions of section 96.14 subsequent to July 1, 1970, shall
9 be paid into this the fund. ~~Said~~ The moneys shall not be
10 expended or available for expenditure in any manner which
11 would permit their substitution for federal funds which would
12 in the absence of ~~said~~ the moneys be available to finance
13 expenditures for the administration of the employment security
14 law. ~~Nothing in this section shall prevent said~~ However,
15 the moneys ~~from being~~ may be used as a revolving fund to cover
16 expenditures for which federal funds have been duly requested
17 but not yet received, subject to the charging of such the
18 expenditures against such the funds when received. ~~Said fund~~
19 The moneys may be used for the payment of costs of
20 administration which are found not to have been properly and
21 validly chargeable against federal grants or other funds,
22 received for or in the employment security administration
23 fund. The moneys in this the fund are hereby specifically
24 made available to replace, within a reasonable time, any
25 moneys received by this state in the form of grants from the
26 federal government for administrative expenses which because
27 of any action or contingency have been expended for purposes
28 other than, or in excess of, those necessary for the proper
29 administration of the employment security law. All moneys
30 in the ~~special-employment-security-contingency~~ fund shall
31 be deposited, administered, and disbursed in the same manner
32 and under the same conditions and requirements as are provided
33 by law for other special funds in the state treasury. However,
34 interest earned upon moneys in the fund shall be deposited
35 in and credited to the temporary emergency surcharge fund

1 created under section 96.7, subsection 15.

2 The treasurer of state shall be the custodian of said-funds
3 the fund and shall give a separate and additional bond
4 conditioned upon the faithful performance of ~~his-or-her~~ the
5 treasurer's duties in connection with the ~~special-employment~~
6 ~~security-contingency~~ fund in an amount and with such sureties
7 as shall be fixed and approved by the governor. The premiums
8 ~~for-such-bonds~~ premium for the bond shall be paid from the
9 moneys in the ~~special-employment-security-contingency~~ fund.
10 All sums recovered on ~~such~~ the bond for losses sustained by
11 the ~~special-employment-security-contingency~~ fund shall be
12 deposited in the fund. Refunds of interest and penalties
13 ~~collected-on-or-after-July-17-1970,-pursuant-to-this-chapter~~
14 shall be paid only from ~~this~~ the fund.

15 Balances to the credit of the ~~special-employment-security~~
16 ~~contingency~~ fund shall not lapse at any time but shall con-
17 tinuously be available to the department for expenditures
18 consistent with this subsection. However, the department
19 shall not expend more than fifty thousand dollars from the
20 fund in a state fiscal year beginning July 1 and ending June
21 30. After the end of a state fiscal year the treasurer of
22 state shall promptly transfer the entire amount of the fund
23 in excess of that portion of the fifty thousand dollars, which
24 the department has expended or obligated for the preceding
25 state fiscal year, to the temporary emergency surcharge fund,
26 but if the treasurer of state determines that the department
27 does not have and will not on September 30 have an outstanding
28 balance of interest accrued on advance moneys received from
29 the federal government for the payment of unemployment
30 compensation benefits, the treasurer of state shall instead
31 promptly transfer the entire excess amount to the unemployment
32 trust fund established in section 96.9.

33 Sec. 2. The department of job service shall annually
34 report to the joint regulatory and finance appropriations
35 subcommittee on its plans for expenditures during the next

1 state fiscal year from the special employment security
2 contingency fund. The report shall describe the specific
3 expenditures and explain why the expenditures are to be made
4 from the fund and not from federal administrative funds.

5 EXPLANATION

6 This bill credits interest earned on moneys in the penalty
7 and interest (special employment security contingency) fund
8 to the temporary emergency surcharge fund rather than to the
9 general fund of the state. Annual expenditures from the
10 penalty and interest fund are limited to \$50,000, and all
11 unobligated or unexpended moneys in the fund at the end of
12 the state fiscal year are transferred to the temporary
13 emergency surcharge fund, or if no federal interest is owing
14 to the unemployment trust fund.

15 The department of job service is required to report an-
16 nually to the joint regulatory and finance appropriations
17 subcommittee on planned expenditures from the fund for the
18 next fiscal year and the reasons why federal administrative
19 funds are not being used for the expenditures.

20 The bill takes effect July 1 following enactment.

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1 Section 1. Section 96.13, subsection 3, Code 1983, is
2 amended to read as follows:

3 3. SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND. There
4 is hereby created in the state treasury a special fund to
5 be known as the special employment security contingency fund.
6 All interest, fines, and penalties, regardless of when the
7 ~~same they~~ become payable, collected from employers under the
8 ~~provisions of section 96.14 subsequent to July 1, 1978,~~ shall
9 be paid into ~~this~~ the fund. ~~Said~~ The moneys shall not be
10 expended or available for expenditure in any manner which
11 would permit their substitution for federal funds which would
12 in the absence of ~~said~~ the moneys be available to finance
13 expenditures for the administration of the employment security
14 law. ~~Nothing in this section shall prevent said~~ However,
15 ~~the moneys from being~~ may be used as a revolving fund to cover
16 expenditures for which federal funds have been duly requested
17 but not yet received, subject to the charging of ~~such~~ the
18 expenditures against ~~such~~ the funds when received. ~~Said fund~~
19 The moneys may be used for the payment of costs of
20 administration which are found not to have been properly and
21 validly chargeable against federal grants or other funds,
22 received for or in the employment security administration
23 fund. The moneys in ~~this~~ the fund are hereby specifically
24 made available to replace, within a reasonable time, any
25 moneys received by this state in the form of grants from the
26 federal government for administrative expenses which because
27 of any action or contingency have been expended for purposes
28 other than, or in excess of, those necessary for the proper
29 administration of the employment security law. All moneys
30 in the ~~special-employment-security-contingency~~ fund shall
31 be deposited, administered, and disbursed in the same manner
32 and under the same conditions and requirements as are provided
33 by law for other special funds in the state treasury. However,
34 interest earned upon moneys in the fund shall be deposited
35 in and credited to the temporary emergency surcharge fund

1 created under section 96.7, subsection 15.

2 The treasurer of state shall be the custodian of ~~said-funds~~
3 the fund and shall give a separate and additional bond
4 conditioned upon the faithful performance of ~~his-or-her~~ the
5 treasurer's duties in connection with the ~~special-employment~~
6 ~~security-contingency~~ fund in an amount and with such sureties
7 as shall be fixed and approved by the governor. The ~~premiums~~
8 ~~for-such-bonds~~ premium for the bond shall be paid from the
9 moneys in the ~~special-employment-security-contingency~~ fund.
10 All sums recovered on such the bond for losses sustained by
11 the ~~special-employment-security-contingency~~ fund shall be
12 deposited in the fund. Refunds of interest and penalties
13 ~~collected-on-or-after-July-17-1970-pursuant-to-this-chapter~~
14 shall be paid only from ~~this~~ the fund.

15 Balances to the credit of the ~~special-employment-security~~
16 ~~contingency~~ fund shall not lapse at any time but shall con-
17 tinuously be available to the department for expenditures
18 consistent with this subsection. However, the department
19 shall not expend more than fifty thousand dollars from the
20 fund in a state fiscal year beginning July 1 and ending June
21 30. After the end of a state fiscal year the treasurer of
22 state shall promptly transfer the entire amount of the fund
23 in excess of that portion of the fifty thousand dollars, which
24 the department has expended or obligated for the preceding
25 state fiscal year, to the temporary emergency surcharge fund,
26 but if the treasurer of state determines that the department
27 does not have and will not on September 30 have an outstanding
28 balance of interest accrued on advance moneys received from
29 the federal government for the payment of unemployment
30 compensation benefits, the treasurer of state shall instead
31 promptly transfer the entire excess amount to the unemployment
32 trust fund established in section 96.9.

33 Sec. 2. The department of job service shall annually
34 report to the joint regulatory and finance appropriations
35 subcommittee on its plans for expenditures during the next

1 state fiscal year from the special employment security
2 contingency fund. The report shall describe the specific
3 expenditures and explain why the expenditures are to be made
4 from the fund and not from federal administrative funds.

5 Sec. 3. The department of job service may appear before
6 the executive council and request funds to meet unanticipated
7 emergencies.

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SENATE FILE 2040

5722

Amend Senate File 2040 as amended, passed and reprinted by the Senate, as follows:

1. By striking everything after the enacting clause and inserting in lieu thereof the following:

"Sec. ____ . Section 96.13, subsection 3, unnumbered paragraph 1, Code 1983, is amended to read as follows:

There is hereby created in the state treasury a special fund to be known as the special employment security contingency fund. All interest, fines, and penalties, regardless of when ~~the same they be-~~ come payable, collected from employers under the ~~provisions of~~ section 96.14 ~~subsequent to July 1, 1970;~~ shall be paid into this fund. ~~Said~~ The moneys shall not be expended or available for expenditure in any manner which would permit their substitution for federal funds which would in the absence of ~~said~~ the moneys be available to finance expenditures for the administration of the employment security law. ~~Nothing in this~~ This section ~~shall~~ does not prevent ~~said~~ the moneys from being used as a revolving fund to cover expenditures for which federal funds have been duly requested but not yet received, subject to the charging of ~~such~~ expenditures against ~~such the~~ funds when received. ~~Said~~ The fund may be used for the payment of costs of administration which are found not to have been properly and validly chargeable against federal grants or other funds, received for or in the employment security administration fund. The moneys in this fund are hereby specifically made available to replace, within a reasonable time, any moneys received by this state in the form of grants from the federal government for administrative expenses which because of any action or contingency have been expended for purposes other than, or in excess of, those necessary for the proper administration of the employment security law. All moneys in the ~~special-employment-security-contingency~~ fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for other special funds in the state treasury. However, an expenditure from the fund in excess of two thousand five hundred dollars is subject to the state purchasing system established by the director of the department of general services and the approval of the executive council.

Sec. ____ . Section 96.13, subsection 3, unnumbered paragraph 3, Code 1983, is amended to read as follows:

H-5722

1 Balances to the credit of the special-employment
2 security-contingency fund shall not lapse at any
3 time but shall continuously be available to the de-
4 partment for expenditures consistent with this sub-
5 section. However, if on July 1 of any year the bal-
6 ance in the fund exceeds fifty thousand dollars by
7 ten thousand dollars or more, the treasurer of state
8 shall promptly transfer the entire amount over fifty
9 thousand dollars to the unemployment trust fund es-
10 tablished in section 96.9, unless the department
11 determines that the transfer should not be made be-
12 cause of immediate obligations to be met from the
13 fund."

H-5722 FILED MARCH 15, 1984 BY HALVORSON of Clayton

File 4/15 (p. 3325)

SENATE 4
FEBRUARY 7, 1984

SENATE FILE 2040
FISCAL NOTE

REQUESTED BY SENATOR HUTCHINS

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2040 pursuant to Joint Rule 17.

Senate File 2040 amends Iowa's unemployment compensation law pertaining to the special employment security contingency fund, which is funded with interest, fines and penalties collected from employers. Annual expenditures from the penalty and interest fund would be limited to \$50,000. The department of Job Service would be required to annually report to the joint regulatory and finance appropriations subcommittee on its plans for expenditures from the fund, detailing the specific expenditures and why the expenditures are to be made from the fund and not from federal administrative funds.

All unobligated or unexpended moneys in the fund at the end of the state's fiscal year would be transferred to the temporary emergency surcharge fund, or if no federal interest was owing, to the unemployment trust fund. Interest earned on the fund would be credited to the temporary emergency surcharge fund.

Under current law the director of the department of Job Service can authorize expenditures from the penalty and interest fund of any amount. Unobligated or unexpended moneys in the fund carry over from fiscal year to fiscal year, and interest earned on the fund is now credited to the state general fund.

Job Service estimates that penalties and interest income will average \$360,000 annually during FY 1985 and 1986. Under current law the agency anticipates annual expenditures of \$300,000, primarily for acquiring an optical scanning device to replace current equipment (FY 1985), and for upgrading agency data processing equipment (FY 1986). Under the proposed law, annual expenditures are estimated to be \$50,000.

During the past two years \$543,669 has been disbursed from the contingency fund, primarily for office furniture and equipment, building improvements, and administrative expenses. \$224,406 of the 1982 disbursements went to pay interest on money borrowed for the unemployment trust fund.

(3189S,013B,JMN)

SOURCE: IOWA DEPARTMENT OF JOB SERVICE

FILED:
FEBRUARY 6, 1984

BY DENNIS C. PROUTY, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2040

AN ACT

AMENDING IOWA'S UNEMPLOYMENT COMPENSATION LAW BY CREDITING EARNED INTEREST ON THE SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND TO THE TEMPORARY EMERGENCY SURCHARGE FUND, BY LIMITING EXPENDITURES FROM THE SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND, BY ANNUALLY TRANSFERRING CERTAIN AMOUNTS FROM THE SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND TO THE TEMPORARY EMERGENCY SURCHARGE FUND OR TO THE UNEMPLOYMENT TRUST FUND, AND BY REQUIRING AN ANNUAL DEPARTMENTAL REPORT DETAILING PLANNED EXPENDITURES FROM THE SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND.

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

Section 1. Section 96.13, subsection 3, Code 1983, is amended to read as follows:

3. SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND. There is hereby created in the state treasury a special fund to be known as the special employment security contingency fund.

All interest, fines, and penalties, regardless of when the same ~~they~~ become payable, collected from employers under the ~~provisions of~~ section 96.14 ~~subsequent to July 17, 1979,~~ shall be paid into ~~this~~ the fund. ~~Said~~ The moneys shall not be expended or available for expenditure in any manner which would permit their substitution for federal funds which would in the absence of ~~said~~ the moneys be available to finance expenditures for the administration of the employment security law. ~~Nothing in this section shall prevent said~~ However, ~~the moneys from being~~ may be used as a revolving fund to cover expenditures for which federal funds have been duly requested but not yet received, subject to the charging of ~~such~~ the expenditures against ~~such~~ the funds when received. ~~Said fund~~ The moneys may be used for the payment of costs of administration which are found not to have been properly and validly chargeable against federal grants or other funds, received for or in the employment security administration fund. The moneys in ~~this~~ the fund are hereby specifically made available to replace, within a reasonable time, any moneys received by this state in the form of grants from the federal government for administrative expenses which because of any action or contingency have been expended for purposes other than, or in excess of, those necessary for the proper administration of the employment security law. All moneys in the ~~special-employment-security-contingency~~ fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for other special funds in the state treasury. However, interest earned upon moneys in the fund shall be deposited in and credited to the temporary emergency surcharge fund created under section 96.7, subsection 15.

The treasurer of state shall be the custodian of ~~said funds~~ the fund and shall give a separate and additional bond conditioned upon the faithful performance of ~~his or her~~ the ~~treasurer's~~ duties in connection with the ~~special-employment~~

~~security-contingency~~ fund in an amount and with such sureties as shall be fixed and approved by the governor. The ~~premiums for such bonds~~ premium for the bond shall be paid from the moneys in the ~~special-employment-security-contingency~~ fund. All sums recovered on ~~such~~ the bond for losses sustained by the ~~special-employment-security-contingency~~ fund shall be deposited in the fund. Refunds of interest and penalties ~~collected on or after July 1, 1970, pursuant to this chapter~~ shall be paid only from ~~this~~ the fund.

Balances to the credit of the ~~special-employment-security contingency~~ fund shall not lapse at any time but shall continuously be available to the department for expenditures consistent with this subsection. However, the department shall not expend more than fifty thousand dollars from the fund in a state fiscal year beginning July 1 and ending June 30. After the end of a state fiscal year the treasurer of state shall promptly transfer the entire amount of the fund in excess of that portion of the fifty thousand dollars, which the department has expended or obligated for the preceding state fiscal year, to the temporary emergency surcharge fund, but if the treasurer of state determines that the department does not have and will not on September 30 have an outstanding balance of interest accrued on advance moneys received from the federal government for the payment of unemployment compensation benefits, the treasurer of state shall instead promptly transfer the entire excess amount to the unemployment trust fund established in section 96.9.

Sec. 2. The department of job service shall annually report to the joint regulatory and finance appropriations subcommittee on its plans for expenditures during the next state fiscal year from the special employment security contingency fund. The report shall describe the specific expenditures and explain why the expenditures are to be made from the fund and not from federal administrative funds.

Sec. 3. The department of job service may appear before the executive council and request funds to meet unanticipated emergencies.

CHARLES P. MILLER
President Pro Tempore of the
Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2040, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved 5/4 1984

TERRY E. BRANSTAD
Governor