

Appropriations Amend for 6413 & St. Pass 4/18
Senate St. Pass 4/18 (of 2247)

Reprinted 4/20

MAR 6 1984

HOUSE FILE 2473

Place On Calendar

BY COMMITTEE ON STATE
GOVERNMENT

(Formerly Study Bill 779)

Passed House, Date 4-19-84 (p. 2344) Passed Senate, Date _____

Vote: Ayes 95 Nays 2 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act to implement certain recommendations of the governor's
 2 task force by providing limitations on leaves of absence for
 3 certain military purposes, providing a phased retirement
 4 incentive program for full-time state employees, providing
 5 for the use of investment income as management expenses for
 6 certain retirement programs, providing that persons who are
 7 not full-time employees of the state who do not accrue sick
 8 leave or vacation and who work on a state holiday shall
 9 receive pay only for hours worked, and providing that all
 10 state departments and agencies shall have appropriations
 11 for the 1984-1985 fiscal year reduced by the amount of
 12 out-of-state travel incurred in the 1984-1985 fiscal year.

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

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H
Y
2473

1 Section 1. Section 29A.28, Code 1983, is amended to read
2 as follows:

3 29A.28 LEAVE OF ABSENCE OF CIVIL EMPLOYEES.

4 1. All officers and employees of the state, or a
5 subdivision thereof of the state, or a municipality, other
6 than employees employed temporarily-for-six-months-or-less
7 under temporary status, who are members of the national guard,
8 organized reserves or any component part of the military,
9 naval, or air forces or nurse corps of this state or nation,
10 or who are or may be otherwise inducted into the military
11 service of this state or of the United States, shall, when
12 ordered by proper authority to active state or federal service,
13 be entitled to a military leave of absence from such civil
14 employment for the period of such active state or federal
15 service, without loss of status or efficiency rating, and
16 for those employees with six or more months of continuous
17 employment, without loss of pay during-the-first-thirty-days
18 of-such-leave-of-absence---The-proper-appointing-authority
19 may-make-a-temporary-appointment-to-fill-any-vacancy-created
20 by-such-leave-of-absence, subject to the following limitations
21 for active duty or active duty for training:

22 a. Fifteen calendar days in a calendar year when the
23 military duty is performed on consecutive calendar days in
24 consecutive calendar weeks.

25 b. Two work-weeks in a calendar year if the military duty
26 is not performed on consecutive calendar weeks.

27 2. In addition to paid military leave of absence provided
28 by paragraph a or b, paid military leave for a period not
29 to exceed thirty calendar days in a calendar year for active
30 state service shall be granted when the employee is ordered
31 to service by the governor.

32 3. Paid military leave of absence provided by this section
33 shall not be used for inactive duty for training, commonly
34 referred to as unit training assemblies or drills.

35 4. Paid military leave of absence shall commence on the

1 date the individual reports for military duty and shall
2 terminate on the day the individual is released from military
3 duty or the expiration of the paid leave provided in this
4 section whichever is earlier.

5 Sec. 2. NEW SECTION. 79.30 ESTABLISHMENT OF PHASED
6 RETIREMENT PROGRAM. There is established a voluntary employee
7 phased retirement incentive program for full-time state
8 employees who are at least sixty years of age and have
9 completed at least twenty years as full-time state employees.

10 The phased retirement incentive program is a retirement
11 system for purposes of section 20.9, but is not retirement
12 for purposes of chapters 97A, 97B, or 602 or for the employees
13 who are members of the teachers insurance annuity associa-
14 tion-college retirement equity fund.

15 Sec. 3. NEW SECTION. 79.31 ELIGIBILITY. The phased
16 retirement incentive program requires that participants work
17 a maximum of thirty-two hours per week and a minimum of twenty
18 hours per week for the first year after entering the program.
19 After the fourth year of participation in the program,
20 participants shall work a maximum of twenty hours per week.

21 Sec. 4. NEW SECTION. 79.32 PHASED RETIREMENT PROGRAM.
22 The phased retirement incentive program is a voluntary program
23 that provides for the following during the first five years
24 of participation:

25 1. Payment of a salary based upon the participant's salary
26 on a full-time basis reduced proportionally by the number
27 of hours of employment plus ten percent of the budgeted full-
28 time salary. A participant is eligible for cost of living
29 increases granted to all state employees.

30 2. Continuation of eligibility by the participant for
31 membership in the state life insurance program with continua-
32 tion of state payments at the rate paid for full-time
33 employees.

34 3. Continuation of eligibility by the participant for
35 membership in the state health or medical insurance program

1 and continuation of state payments at the rate paid for full-
2 time employees.

3 4. Continuation of membership in the state employees dis-
4 ability insurance program. During the five-year period,
5 monthly earnings of the employee for purposes of the disability
6 insurance program equal the monthly earnings as if the
7 participant were a full-time employee.

8 5. Accrual of vacation and sick leave based upon sec-
9 tion 79.1 as it applies to part-time employees.

10 Sec. 5. NEW SECTION. 79.33 PARTICIPATION PLAN. A state
11 employee meeting the requirements of section 79.31 may file
12 a request to participate in the program with the head of the
13 employee's state department, agency, or commission. The em-
14 ployee shall specify the number of hours per week the employee
15 intends to work for each of the first five years of participa-
16 tion. Participation in the program is dependent upon the
17 approval of the head of the department, agency, or commission.
18 The cost to the state department, agency, or commission shall
19 be paid from the funds appropriated to the department, agency,
20 or commission for salaries, support, maintenance, and
21 miscellaneous purposes.

22 An employee who participates in the program is not eligible
23 to return to state employment as a permanent full-time
24 employee.

25 Sec. 6. Section 12.8, Code 1983, is amended by adding
26 the following new paragraph:

27 NEW PARAGRAPH. Investment income may be used to main-
28 tain compensating balances and pay transaction costs for
29 investments made by the treasurer of state. The treasurer
30 of state shall coordinate with the affected departments to
31 determine how compensating balances or transaction costs will
32 be established. The treasurer of state may use deposit and
33 float balances to obtain advances from financial institutions
34 if financial institutions agree to such procedure. All charges
35 against a retirement system must be documented and notification

1 of the charges shall be made to the appropriate administration
2 of the retirement system effected.

3 Sec. 7. Section 33.1, Code 1983, is amended by adding
4 the following new paragraph:

5 NEW PARAGRAPH. Notwithstanding any other provision of
6 this section, an employee of the state who does not accrue
7 sick leave or vacation, and who works on a holiday, shall
8 receive regular pay for the hours worked on that holiday and
9 shall not otherwise earn holiday compensatory pay.

10 Sec. 8. Section 97A.8, subsection 3, Code 1983, is amended
11 to read as follows:

12 3. EXPENSE FUND. The expense fund shall be the fund to
13 which shall be credited all money provided by the state of
14 Iowa to pay the administration expenses of the system and
15 from which shall be paid all the expenses necessary in
16 connection with the administration and operation of the system.
17 Biennially the board of trustees shall estimate the amount
18 of money necessary to be paid into the expense fund during
19 the ensuing biennium to provide for the expense of operation
20 of the system. Investment management expenses shall be charged
21 to the investment income of the system and there is
22 appropriated from the system an amount required for the
23 investment management expenses. The board of trustees shall
24 report the investment management expenses for the fiscal year
25 as a percent of the market value of the system.

26 Sec. 9. Section 97B.7, subsection 2, paragraph b,
27 subparagraph (6), unnumbered paragraph 2, Code 1983, is amended
28 to read as follows:

29 ~~in-the-event-of~~ If there is loss on the redemption or sale
30 of securities, where invested as prescribed by law, neither
31 the treasurer nor the department ~~shall-be~~ is personally liable,
32 but ~~such~~ the loss shall be charged against the retirement
33 fund and there is ~~hereby~~ appropriated from ~~such~~ the retirement
34 fund an amount as ~~may-be-se~~ required for the loss. Expenses
35 incurred in the sale and purchase of securities belonging

1 to the retirement fund shall be charged to the retirement
2 fund and there is hereby appropriated from ~~such~~ the retirement
3 ~~fund~~ an amount as may-be-so required and-investment for the
4 expenses incurred. Investment management expenses shall be
5 charged to the investment income of the retirement fund and
6 ~~such-expense-shall-otherwise-be-budgeted-and-appropriated~~
7 ~~in-the-same-manner-as-administrative-expenses-for-the-rest~~
8 ~~of-the-system~~ there is appropriated from the retirement fund
9 an amount as required for the investment management expenses,
10 subject to the limitations stated in this subparagraph. The
11 amount appropriated for a fiscal year under this subparagraph
12 shall not exceed one percent of the market value of the
13 retirement fund. The department shall report the investment
14 management expenses for a fiscal year as a percent of the
15 market value of the retirement fund in the annual report to
16 the governor required in section 97B.4.

17 Sec. 10. Section 602.9111, Code Supplement 1983, is amended
18 to read as follows:

19 602.9111 INVESTMENT OF FUND. So much of the judicial
20 retirement fund as may not be necessary to be kept on hand
21 for the making of disbursements under this chapter shall be
22 invested by the treasurer of state in bonds or other evidences
23 of indebtedness issued, assumed, or guaranteed by the United
24 States of America, or by any agency or instrumentality thereof
25 or in any investments authorized for the Iowa public employees'
26 retirement system in section 97B.7, subsection 2, paragraph
27 "b", and the earnings therefrom shall be credited to said
28 fund.

29 Investment management expenses shall be charged to the
30 investment income of the fund and there is appropriated from
31 the fund an amount required for the investment management
32 expenses. The court administrator shall report the investment
33 management expenses for the fiscal year as a percent of the
34 market value of the system.

35 Sec. 11. Notwithstanding any provision of any appropria-

1 tion bill, the 1984-1985 appropriations for all state
2 departments, agencies, boards, commissions, and other entity
3 receiving state funds are reduced by the amount expended for
4 out-of-state travel, except travel that was essential for
5 the performance of the employee's duties, during the fiscal
6 year beginning July 1, 1984 by such state entities. The
7 amount of the reduced funds shall revert to the fund from
8 which appropriated.

9 Sec. 12. This Act, being deemed of immediate importance,
10 takes effect from and after its publication in the West Des
11 Moines Express, a newspaper published in West Des Moines,
12 Iowa, and in The Altoona Herald-Mitchellville Index, a news-
13 paper published in Altoona, Iowa. Section 7 of this Act takes
14 effect upon publication. All other provisions of this Act
15 take effect July 1, 1984.

16 EXPLANATION

17 This bill establishes a military leave of absence for
18 public employees who have been in public employment for six
19 months or more. It limits military leave of absence with
20 pay to active duty and active duty for training to fifteen
21 consecutive calendar days or two work-weeks in a year. The
22 limits with pay do not apply if the employee has been called
23 to active state service by the governor.

24 The bill establishes a phased retirement incentive program
25 that allows state employees who are sixty years of age or
26 older and have worked for the state for twenty years or more
27 to work on an eighty percent or less basis for four years
28 and a fifty percent or less basis for the fifth and subsequent
29 years. Salaries would be proportionally reduced but an
30 additional ten percent would be added for the first five
31 years. Full health insurance, life insurance and disability
32 insurance would be provided for five years, but vacation and
33 sick leave accrual would be prorated. The costs of the program
34 would come from the regular appropriation to the state de-
35 partment.

1 The bill provides that participation in the program would
2 not be considered retirement for a public retirement system,
3 but would be retirement under the collective bargaining law.

4 The bill provides that investment income may be used to
5 maintain compensating balances and pay transaction costs of
6 retirement systems and deposit and float balances may be used
7 to obtain advances from consenting financial institutions.
8 Specific changes are made in the laws governing public safety
9 peace officers' retirement system, the Iowa public employees'
10 retirement system, and the judicial retirement system relating
11 to the use of investment income for management purposes.

12 The bill also provides that a person who is not a full-
13 time state employee and who does not accrue sick leave or
14 vacation and who works on a state holiday receives pay only
15 for the hours worked and does not earn holiday compensatory
16 pay.

17 The bill also provides that all state agencies and
18 departments which receive state funds shall revert from their
19 1984-1985 appropriations the actual amount of funds used for
20 out-of-state travel during the 1984-1985 fiscal year.

21 The section relating to state holiday pay takes effect
22 upon publication. The remainder of the bill takes effect
23 July 1, 1984.

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HOUSE FILE 2473

H-6413

- 1 Amend House File 2473 as follows:
- 2 1. Page 2, by striking lines 23 and 24 and
- 3 inserting in lieu thereof the words "that provides
- 4 that an employee may participate in the program for
- 5 not more than five years and provides for the
- 6 following:"
- 7 2. Page 3, line 15, by striking the word "first".
- 8 3. Page 3, line 24, by inserting after the word
- 9 "employee." the words "Once an employee reduces the
- 10 employee's hours of participation, that employee shall
- 11 not subsequently increase the hours of participation."
- 12 4. Page 3, by inserting after line 24 the
- 13 following:
- 14 "Sec. ____ . NEW SECTION. 79.25 APPROPRIATION.
- 15 Annually after June 30 of each fiscal year, the
- 16 department of job service shall determine the cost
- 17 during the preceding fiscal year to the Iowa public
- 18 employees' retirement fund of participation of state
- 19 employees in the phased retirement program. Annually,
- 20 there is appropriated from the general fund of the
- 21 state to the Iowa public employees' retirement fund
- 22 an amount sufficient to reimburse the retirement fund
- 23 for the costs of the phased retirement program."
- 24 5. Renumber sections as necessary.

H-6413 FILED APRIL 18, 1984 BY COMMITTEE ON APPROPRIATIONS

Adopted 4/19 (p. 2331)

HOUSE FILE 2473

H-6453

- 1 Amend House File 2473 as follows:
- 2 1. Page 1, by striking line 1 through page 2, line
- 3 4.

BY HARBOR of Mills
PONCY of Wapello
SCHROEDER of Pottawattamie
DAGGETT of Taylor
HOFFMANN-BRIGHT of Muscatine

H-6453 FILED APRIL 19, 1984

LOST (p. 2342)

HOUSE FILE 2473

H-5526

- 1 Amend House File 2473 as follows:
2 1. Page 3, by striking lines 32 through 34 and
3 inserting in lieu thereof the following: "be established.
4 All charges".

H-5526 FILED MARCH 8, 1984 BY BLANSHAN of Greene

HOUSE FILE 2473

H-5534

- 1 Amend House File 2473 as follows:
2 1. Page 2, by striking lines 23 and 24 and
3 inserting in lieu thereof the words "that provides
4 that an employee may participate in the program for
5 not more than five years and provides for the
6 following:"
7 2. Page 3, line 15, by striking the word "first".
8 3. Page 3, line 24, by inserting after the word
9 "employee." the words "Once an employee reduces the
10 employee's hours of participation, that employee shall
11 not subsequently increase the hours of participation."
12 4. Page 3, by inserting after line 24 the
13 following:
14 "Sec. ____ . NEW SECTION. 79.25 APPROPRIATION.
15 Annually after June 30 of each fiscal year, the
16 department of job service shall determine the cost
17 during the preceding fiscal year to the Iowa public
18 employees' retirement fund of participation of state
19 employees in the phased retirement program. Annually,
20 there is appropriated from the general fund of the
21 state to the Iowa public employees' retirement fund
22 an amount sufficient to reimburse the retirement fund
23 for the costs of the phased retirement program."
24 5. Renumber sections as necessary.

H-5534 FILED MARCH 8, 1984 BY BLANSHAN of Greene

Adopted 4/19 (p. 2343)

HOUSE FILE 2473

H-6424

- 1 Amend House File 2473 as follows:
2 1. Page 6, line 5, by inserting after the word
3 "duties" the words "or the maintenance of professional
4 competency".

H-6424 FILED APRIL 18, 1984 BY LLOYD-JONES of Johnson

Loed 4/19 (p. 2343)

HOUSE FILE 2473

S-6035

- 1 Amend House File 2473 as passed by the House as
- 2 follows:
- 3 1. By striking page 1, line 1 through page 2, line 4.

S-6035 FILED
APRIL 19, 1984

BY RICHARD F. DRAKE
FORREST V. SCHWENGELS

Adopted 4/26

HOUSE FILE 2473

S-6049

- 1 Amend House File 2473 as amended and passed
- 2 by the House as follows:
- 3 1. Page 6, line 14, by inserting after the word
- 4 "duties" the words "or for professional purposes".

S-6049 FILED
APRIL 19, 1984

BY ARTHUR A. SMALL, JR.

Placed out of order 4/26 (p. 1744)

HOUSE FILE 2473

S-6052

- 1 Amend House File 2473 as amended and passed by the
- 2 House as follows:
- 3 1. Page 6, line 14, by inserting after the word
- 4 "duties" the words "or for professional purposes".

S-6052 FILED
APRIL 19, 1984

BY COMMITTEE ON FINANCE
NORMAN RODGERS, CHAIR

Adopted 4/20 (p. 1744)

HOUSE FILE 2473

S-6056

- 1 Amend House File 2473 as amended, and passed by
- 2 the House as follows:
- 3 1. Page 5, by striking lines 13 through 25 and
- 4 inserting in lieu thereof the words "expenses incurred.
- 5 ~~management-expenses-shall-be--charged-to-the-investment~~
- 6 ~~income-of-the-retirement-fund-and-such-expense-shall~~
- 7 ~~otherwise-by-budgeted-and-appropriated-in-the-same~~
- 8 ~~manner-as-administrative-expenses-for-the-rest-of-the~~
- 9 ~~system."~~

S-6056 FILED & ADOPTED
APRIL 20, 1984 *(p. 1744)*

BY ROBERT M. CARR

SENATE AMENDMENT TO HOUSE FILE 2473

H-6504

1 Amend House File 2473 as amended, passed and
2 reprinted by the House as follows:

3 1. By striking page 1, line 1 through page 2,
4 line 4.

5 2. Page 5, by striking lines 13 through 25 and
6 inserting in lieu thereof the words "expenses incurred.
7 management-expenses-shall-be-charged-to-the-investment
8 income-of-the-retirement-fund-and-such-expense-shall
9 otherwise-be-budgeted-and-appropriated-in-the-same
10 manner-as-administative-expenses-for-the-rest-of-the
11 system."

12 3. Page 6, line 14, by inserting after the word
13 "duties" the words "or for professional purposes".

H-6504 FILED APRIL 20, 1984

RECEIVED FROM THE SENATE

Louie Conover 4/20 (p. 2474)

HOUSE FILE 2473
FISCAL NOTE

REQUESTED BY REPRESENTATIVE SWARTZ

In compliance with a written request received March 2, 1984, there is hereby submitted a Fiscal Note for HOUSE FILE 2473 pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the General Assembly upon request.

House File 2473 implements certain recommendations of the Governor's Task Force on Efficiencies and Cost-Effectiveness.

Section 1 establishes a military leave of absence for public employees who have been in public employment for six months or more. It limits military leave of absence with pay to active duty and active duty for training to 15 consecutive calendar days or two work-weeks in a year. If the employee has been called to active state service by the Governor, the limits for leave with pay do not apply.

Fiscal Impact: Under present law, state employees may take up to 30 working days of military leave annually, with pay continuing at the normal rate. There are approximately 328 employees who take military leave each year. Of those, approximately 50 take more than the "normal" 15 calendar day encampment required of members of the National Guard and other reserve units. Assuming the average hourly pay for those who take military leave is approximately \$8.00 per hour (based upon DOT payroll data), the maximum savings would be \$64,000. This analysis assumes that all 50 employees taking more than the 15 calendar day encampment would use the full 20 days remaining. The exact number of people taking leave and the number of days used cannot be estimated.

Sections 2, 3, 4, and 5 establish a phased retirement incentive program for state employees. Employees qualify for the program if they are 60 years of age or older and have worked for the state for twenty years or more. The qualifying employee would be allowed to work on an 80% or less basis for 4 years and on a 50% or less basis for the fifth and subsequent years. Salaries would be reduced proportionately but an additional 10 percent would be added to the employee's salary for the first five years. Full health insurance, life insurance, and disability insurance would be provided for five years, but vacation and sick leave accrual would be prorated. Costs of the program would come from the regular appropriation to the state department.

Fiscal Impact: The potential savings generated by a phased retirement system is based on a number of assumptions -

- 1) The analysis assumes all eligible employees would participate. Using January 1983 payroll figures, 207 employees would have been eligible.
- 2) The analysis assumes that all 207 employees participate on the 50 percent level.
- 3) The average annual salary for non-contract people is \$122,190, based on centralized and DOT payrolls and excluding the Board of Regents.
- 4) The analysis does not take into consideration the potential cost of requiring other employees to "pick up the load" created by a 50% reduction in the workload, nor does it consider potential savings from reduced personnel overhead.

Based on the above assumptions, the maximum potential savings to the state would be approximately \$1,261,665.

Page Two, Fiscal Note, House File 2473

Section 6 provides that investment income may be used to maintain compensating balances and pay transaction costs of retirement systems. Deposit and float balances may be used to obtain advances from consenting financial institutions.

Sections 8, 9, and 10 make specific changes in the laws governing public safety, peace officers' retirement system, IPERS, and the judicial retirement system relating to the use of investment income for management purposes.

Fiscal Impact: Currently, general fund receipts are used to maintain compensating balances and pay transaction costs for the various pension funds. Using investment income to pay these costs could save the state approximately \$320,000 annually.

Section 7 provides that a person who is not a full-time state employee and who does not accrue sick leave or vacation and who works on a state holiday receives pay only for the hours worked and does not earn holiday compensatory pay.

Fiscal Impact: Currently, Iowa state government pays holiday pay to temporary and intermittent employees who are scheduled to work on an official state holiday. Using 1982 centralized payroll data, there were approximately 26,000 Holiday Person Days for temporary employees based on 9 holidays per year. The DOT payroll had 1,180 Holiday Person Days. The average pay for temporary workers was \$5.11 per hour for this time period. Based on 1982 data, the potential savings to the state is calculated as follows:

Centralized Payroll:	26,000 Holiday Person Days x \$40.99/day =	\$1,062,880
DOT Payroll:	1,180 Holiday Person Days x \$40.88/day =	48,238
	Total Potential Savings	<u>\$1,111,118</u>

Section 11 provides that all state agencies and departments which receive state funds shall revert from their 1984-85 appropriations the actual amount of funds used for non-essential out-of-state travel during the 1984-1985 fiscal year.

Fiscal Impact: Based on FY '82 data, approximately \$900,000 was spent on travel. There is no way to estimate what travel is essential or non-essential. Therefore, it is not possible to estimate the cost savings of this provision.

Summary of Fiscal Impact: H.F. 2473 could effect a total potential savings to the state of \$2.7 million

<u>Task Force Recommendation</u>	<u>Projected Savings FY '85</u>
Military Leave	\$ 64,000
Phased Retirement	1,261,665
Investment Income Usage	320,000
Holiday Pay	1,111,118
Travel	unable to determine
Total*	<u>\$ 2,756,783</u>

*Note: Calculations do not include Board of Regents data.

(4111S, 84-227F, HML)

Source: Comptroller's Office

See Comments

Finance: Amend (6052) + D. Pass
4/20 (y. 1741)

HOUSE FILE 2473

BY COMMITTEE ON STATE
GOVERNMENT

(As Amended and Passed by the House)

Passed House, Date 4-20-84 (p. 2475) Passed Senate, Date 4-20-84 (p. 1752)

Vote: Ayes 97 Nays 0 Vote: Ayes 45 Nays 0

Approved May 2, 1984

A BILL FOR

1 An Act to implement certain recommendations of the governor's
 2 task force by providing limitations on leaves of absence for
 3 certain military purposes, providing a phased retirement
 4 incentive program for full-time state employees, providing
 5 for the use of investment income as management expenses for
 6 certain retirement programs, providing that persons who are
 7 not full-time employees of the state who do not accrue sick
 8 leave or vacation and who work on a state holiday shall
 9 receive pay only for hours worked, and providing that all
 10 state departments and agencies shall have appropriations
 11 for the 1984-1985 fiscal year reduced by the amount of
 12 out-of-state travel incurred in the 1984-1985 fiscal year.

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

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House Amendments _____

Deleted Language ~~*~~

6054

1 Section 1. Section 29A.28, Code 1983, is amended to read
2 as follows:

3 29A.28 LEAVE OF ABSENCE OF CIVIL EMPLOYEES.

4 1. All officers and employees of the state, or a
5 subdivision thereof of the state, or a municipality, other
6 than employees employed temporarily-for-six-months-or-less
7 under temporary status, who are members of the national guard,
8 organized reserves or any component part of the military,
9 naval, or air forces or nurse corps of this state or nation,
10 or who are or may be otherwise inducted into the military
11 service of this state or of the United States, shall, when
12 ordered by proper authority to active state or federal service,
13 be entitled to a military leave of absence from such civil
14 employment for the period of such active state or federal
15 service, without loss of status or efficiency rating, and
16 for those employees with six or more months of continuous
17 employment, without loss of pay during-the-first-thirty-days
18 of-such-leave-of-absence---The-proper-appointing-authority
19 may-make-a-temporary-appointment-to-fill-any-vacancy-created
20 by-such-leave-of-absence, subject to the following limitations
21 for active duty or active duty for training:

22 a. Fifteen calendar days in a calendar year when the
23 military duty is performed on consecutive calendar days in
24 consecutive calendar weeks.

25 b. Two work-weeks in a calendar year if the military duty
26 is not performed on consecutive calendar weeks.

27 2. In addition to paid military leave of absence provided
28 by paragraph a or b, paid military leave for a period not
29 to exceed thirty calendar days in a calendar year for active
30 state service shall be granted when the employee is ordered
31 to service by the governor.

32 3. Paid military leave of absence provided by this section
33 shall not be used for inactive duty for training, commonly
34 referred to as unit training assemblies or drills.

35 4. Paid military leave of absence shall commence on the

1 date the individual reports for military duty and shall
2 terminate on the day the individual is released from military
3 duty or the expiration of the paid leave provided in this
4 section whichever is earlier.

5 Sec. 2. NEW SECTION. 79.30 ESTABLISHMENT OF PHASED
6 RETIREMENT PROGRAM. There is established a voluntary employee
7 phased retirement incentive program for full-time state
8 employees who are at least sixty years of age and have
9 completed at least twenty years as full-time state employees.
10 The phased retirement incentive program is a retirement
11 system for purposes of section 20.9, but is not retirement
12 for purposes of chapters 97A, 97B, or 602 or for the employees
13 who are members of the teachers insurance annuity associa-
14 tion-college retirement equity fund.

15 Sec. 3. NEW SECTION. 79.31 ELIGIBILITY. The phased
16 retirement incentive program requires that participants work
17 a maximum of thirty-two hours per week and a minimum of twenty
18 hours per week for the first year after entering the program.
19 After the fourth year of participation in the program,
20 participants shall work a maximum of twenty hours per week.

21 Sec. 4. NEW SECTION. 79.32 PHASED RETIREMENT PROGRAM.
22 The phased retirement incentive program is a voluntary program
23 that provides that an employee may participate in the program
24 for not more than five years and provides for the following:

25 1. Payment of a salary based upon the participant's salary
26 on a full-time basis reduced proportionally by the number
27 of hours of employment plus ten percent of the budgeted full-
28 time salary. A participant is eligible for cost of living
29 increases granted to all state employees.

30 2. Continuation of eligibility by the participant for
31 membership in the state life insurance program with continua-
32 tion of state payments at the rate paid for full-time
33 employees.

34 3. Continuation of eligibility by the participant for
35 membership in the state health or medical insurance program

1 and continuation of state payments at the rate paid for full-
2 time employees.

3 4. Continuation of membership in the state employees dis-
4 ability insurance program. During the five-year period,
5 monthly earnings of the employee for purposes of the disability
6 insurance program equal the monthly earnings as if the
7 participant were a full-time employee.

8 5. Accrual of vacation and sick leave based upon sec-
9 tion 79.1 as it applies to part-time employees.

10 Sec. 5. NEW SECTION. 79.33 PARTICIPATION PLAN. A state
11 employee meeting the requirements of section 79.31 may file
12 a request to participate in the program with the head of the
13 employee's state department, agency, or commission. The em-
14 ployee shall specify the number of hours per week the employee
* 15 intends to work for each of the five years of participation.
16 Participation in the program is dependent upon the approval
17 of the head of the department, agency, or commission. The
18 cost to the state department, agency, or commission shall
19 be paid from the funds appropriated to the department, agency,
20 or commission for salaries, support, maintenance, and
21 miscellaneous purposes.

22 An employee who participates in the program is not eligible
23 to return to state employment as a permanent full-time
24 employee. Once an employee reduces the employee's hours of
25 participation, that employee shall not subsequently increase
26 the hours of participation.

27 Sec. 6. NEW SECTION. 79.25 APPROPRIATION. Annually
28 after June 30 of each fiscal year, the department of job
29 service shall determine the cost during the preceding fiscal
30 year to the Iowa public employees' retirement fund of
31 participation of state employees in the phased retirement
32 program. Annually, there is appropriated from the general
33 fund of the state to the Iowa public employees' retirement
34 fund an amount sufficient to reimburse the retirement fund
35 for the costs of the phased retirement program.

1 Sec. 7. Section 12.8, Code 1983, is amended by adding
2 the following new paragraph:

3 NEW PARAGRAPH. Investment income may be used to main-
4 tain compensating balances and pay transaction costs for
5 investments made by the treasurer of state. The treasurer
6 of state shall coordinate with the affected departments to
7 determine how compensating balances or transaction costs will
8 be established. All Charges against a retirement system must
9 be documented and notification of the charges shall be made
10 to the appropriate administration of the retirement system
11 effected.

12 Sec. 8. Section 33.1, Code 1983, is amended by adding
13 the following new paragraph:

14 NEW PARAGRAPH. Notwithstanding any other provision of
15 this section, an employee of the state who does not accrue
16 sick leave or vacation, and who works on a holiday, shall
17 receive regular pay for the hours worked on that holiday and
18 shall not otherwise earn holiday compensatory pay.

19 Sec. 9. Section 97A.8, subsection 3, Code 1983, is amended
20 to read as follows:

21 3. EXPENSE FUND. The expense fund shall be the fund to
22 which shall be credited all money provided by the state of
23 Iowa to pay the administration expenses of the system and
24 from which shall be paid all the expenses necessary in
25 connection with the administration and operation of the system.
26 Biennially the board of trustees shall estimate the amount
27 of money necessary to be paid into the expense fund during
28 the ensuing biennium to provide for the expense of operation
29 of the system. Investment management expenses shall be charged
30 to the investment income of the system and there is
31 appropriated from the system an amount required for the
32 investment management expenses. The board of trustees shall
33 report the investment management expenses for the fiscal year
34 as a percent of the market value of the system.

35 Sec. 10. Section 97B.7, subsection 2, paragraph b,

1 subparagraph (6), unnumbered paragraph 2, Code 1983, is amended
2 to read as follows:

6056 3 ~~In-the-event-of~~ If there is loss on the redemption or sale
4 of securities, where invested as prescribed by law, neither
5 the treasurer nor the department ~~shall-be~~ is personally liable,
6 but ~~such~~ the loss shall be charged against the retirement
7 fund and there is ~~hereby~~ appropriated from ~~such~~ the retirement
8 fund an amount as ~~may-be-so~~ required for the loss. Expenses
9 incurred in the sale and purchase of securities belonging
10 to the retirement fund shall be charged to the retirement
11 fund and there is ~~hereby~~ appropriated from ~~such~~ the retirement
12 fund an amount as ~~may-be-so~~ required and investment for the
13 expenses incurred. Investment management expenses shall be
14 charged to the investment income of the retirement fund and
15 ~~such-expense-shall-otherwise-be-budgeted-and-appropriated~~
16 ~~in-the-same-manner-as-administrative-expenses-for-the-rest~~
17 ~~of-the-system~~ there is appropriated from the retirement fund
18 an amount as required for the investment management expenses,
19 subject to the limitations stated in this subparagraph. The
20 amount appropriated for a fiscal year under this subparagraph
21 shall not exceed one percent of the market value of the
22 retirement fund. The department shall report the investment
23 management expenses for a fiscal year as a percent of the
24 market value of the retirement fund in the annual report to
25 the governor required in section 97B.4.

26 Sec. 11. Section 602.9111, Code Supplement 1983, is amended
27 to read as follows:

28 602.9111 INVESTMENT OF FUND. So much of the judicial
29 retirement fund as may not be necessary to be kept on hand
30 for the making of disbursements under this chapter shall be
31 invested by the treasurer of state in bonds or other evidences
32 of indebtedness issued, assumed, or guaranteed by the United
33 States of America, or by any agency or instrumentality thereof
34 or in any investments authorized for the Iowa public employees'
35 retirement system in section 97B.7, subsection 2, paragraph

1 "b", and the earnings therefrom shall be credited to said
2 fund.

3 Investment management expenses shall be charged to the
4 investment income of the fund and there is appropriated from
5 the fund an amount required for the investment management
6 expenses. The court administrator shall report the investment
7 management expenses for the fiscal year as a percent of the
8 market value of the system.

9 Sec. 12. Notwithstanding any provision of any appropria-
10 tion bill, the 1984-1985 appropriations for all state
11 departments, agencies, boards, commissions, and other entity
12 receiving state funds are reduced by the amount expended for
13 out-of-state travel, except travel that was essential for
14 the performance of the employee's duties, during the fiscal
15 year beginning July 1, 1984 by such state entities. The
16 amount of the reduced funds shall revert to the fund from
17 which appropriated.

18 Sec. 13. This Act, being deemed of immediate importance,
19 takes effect from and after its publication in the West Des
20 Moines Express, a newspaper published in West Des Moines,
21 Iowa, and in The Altoona Herald-Mitchellville Index, a news-
22 paper published in Altoona, Iowa. Section 7 of this Act takes
23 effect upon publication. All other provisions of this Act
24 take effect July 1, 1984.

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HOUSE FILE 2473

AN ACT

TO IMPLEMENT CERTAIN RECOMMENDATIONS OF THE GOVERNOR'S TASK FORCE BY PROVIDING LIMITATIONS ON LEAVES OF ABSENCE FOR CERTAIN MILITARY PURPOSES, PROVIDING A PHASED RETIREMENT INCENTIVE PROGRAM FOR FULL-TIME STATE EMPLOYEES, PROVIDING FOR THE USE OF INVESTMENT INCOME AS MANAGEMENT EXPENSES FOR CERTAIN RETIREMENT PROGRAMS, PROVIDING THAT PERSONS WHO ARE NOT FULL-TIME EMPLOYEES OF THE STATE WHO DO NOT ACCRUE SICK LEAVE OR VACATION AND WHO WORK ON A STATE HOLIDAY SHALL RECEIVE PAY ONLY FOR HOURS WORKED, AND PROVIDING THAT ALL STATE DEPARTMENTS AND AGENCIES SHALL HAVE APPROPRIATIONS FOR THE 1984-1985 FISCAL YEAR REDUCED BY THE AMOUNT OF OUT-OF-STATE TRAVEL INCURRED IN THE 1984-1985 FISCAL YEAR.

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

Section 1. NEW SECTION. 79.30 ESTABLISHMENT OF PHASED RETIREMENT PROGRAM. There is established a voluntary employee phased retirement incentive program for full-time state employees who are at least sixty years of age and have completed at least twenty years as full-time state employees.

The phased retirement incentive program is a retirement system for purposes of section 20.9, but is not retirement for purposes of chapter 97A, 97B, or 602 or for the employees who are members of the teachers insurance annuity association-college retirement equity fund.

Sec. 2. NEW SECTION. 79.31 ELIGIBILITY. The phased retirement incentive program requires that participants work a maximum of thirty-two hours per week and a minimum of twenty hours per week for the first year after entering the program. After the fourth year of participation in the program, participants shall work a maximum of twenty hours per week.

Sec. 3. NEW SECTION. 79.32 PHASED RETIREMENT PROGRAM. The phased retirement incentive program is a voluntary program that provides that an employee may participate in the program for not more than five years and provides for the following:

1. Payment of a salary based upon the participant's salary on a full-time basis reduced proportionally by the number of hours of employment plus ten percent of the budgeted full-time salary. A participant is eligible for cost of living increases granted to all state employees.

2. Continuation of eligibility by the participant for membership in the state life insurance program with continuation of state payments at the rate paid for full-time employees.

3. Continuation of eligibility by the participant for membership in the state health or medical insurance program and continuation of state payments at the rate paid for full-time employees.

4. Continuation of membership in the state employees disability insurance program. During the five-year period, monthly earnings of the employee for purposes of the disability insurance program equal the monthly earnings as if the participant were a full-time employee.

5. Accrual of vacation and sick leave based upon section 79.1 as it applies to part-time employees.

Sec. 4. NEW SECTION. 79.33 PARTICIPATION PLAN. A state employee meeting the requirements of section 79.31 may file a request to participate in the program with the head of the employee's state department, agency, or commission. The employee shall specify the number of hours per week the employee

intends to work for each of the five years of participation. Participation in the program is dependent upon the approval of the head of the department, agency, or commission. The cost to the state department, agency, or commission shall be paid from the funds appropriated to the department, agency, or commission for salaries, support, maintenance, and miscellaneous purposes.

An employee who participates in the program is not eligible to return to state employment as a permanent full-time employee. Once an employee reduces the employee's hours of participation, that employee shall not subsequently increase the hours of participation.

Sec. 5. NEW SECTION. 79.25 APPROPRIATION. Annually after June 30 of each fiscal year, the department of job service shall determine the cost during the preceding fiscal year to the Iowa public employees' retirement fund of participation of state employees in the phased retirement program. Annually, there is appropriated from the general fund of the state to the Iowa public employees' retirement fund an amount sufficient to reimburse the retirement fund for the costs of the phased retirement program.

Sec. 6. Section 12.8, Code 1983, is amended by adding the following new paragraph:

NEW PARAGRAPH. Investment income may be used to maintain compensating balances and pay transaction costs for investments made by the treasurer of state. The treasurer of state shall coordinate with the affected departments to determine how compensating balances or transaction costs will be established. All charges against a retirement system must be documented and notification of the charges shall be made to the appropriate administration of the retirement system effected.

Sec. 7. Section 33.1, Code 1983, is amended by adding the following new paragraph:

NEW PARAGRAPH. Notwithstanding any other provision of this section, an employee of the state who does not accrue sick leave or vacation, and who works on a holiday, shall receive regular pay for the hours worked on that holiday and shall not otherwise earn holiday compensatory pay.

Sec. 8. Section 97A.8, subsection 3, Code 1983, is amended to read as follows:

3. EXPENSE FUND. The expense fund shall be the fund to which shall be credited all money provided by the state of Iowa to pay the administration expenses of the system and from which shall be paid all the expenses necessary in connection with the administration and operation of the system. Biennially the board of trustees shall estimate the amount of money necessary to be paid into the expense fund during the ensuing biennium to provide for the expense of operation of the system. Investment management expenses shall be charged to the investment income of the system and there is appropriated from the system an amount required for the investment management expenses. The board of trustees shall report the investment management expenses for the fiscal year as a percent of the market value of the system.

Sec. 9. Section 97B.7, subsection 2, paragraph b, subparagraph (6), unnumbered paragraph 2, Code 1983, is amended to read as follows:

~~In-the-event-of~~ If there is loss on the redemption or sale of securities, where invested as prescribed by law, neither the treasurer nor the department ~~shall-be~~ is personally liable, but ~~such~~ the loss shall be charged against the retirement fund and there is ~~hereby~~ hereby appropriated from ~~such~~ the retirement fund an amount as ~~may-be-so~~ required for the loss. Expenses incurred in the sale and purchase of securities belonging to the retirement fund shall be charged to the retirement fund and there is ~~hereby~~ hereby appropriated from ~~such~~ the retirement fund an amount as ~~may-be-so~~ required and investment for the expenses incurred. ~~management-expenses-shall-be-charged-to~~

~~the investment income of the retirement fund and such expense shall otherwise be budgeted and appropriated in the same manner as administrative expenses for the rest of the system.~~

Sec. 10. Section 602.9111, Code Supplement 1983, is amended to read as follows:

602.9111 INVESTMENT OF FUND. So much of the judicial retirement fund as may not be necessary to be kept on hand for the making of disbursements under this chapter shall be invested by the treasurer of state in bonds or other evidences of indebtedness issued, assumed, or guaranteed by the United States of America, or by any agency or instrumentality thereof or in any investments authorized for the Iowa public employees' retirement system in section 97B.7, subsection 2, paragraph "b", and the earnings therefrom shall be credited to said fund.

Investment management expenses shall be charged to the investment income of the fund and there is appropriated from the fund an amount required for the investment management expenses. The court administrator shall report the investment management expenses for the fiscal year as a percent of the market value of the system.

Sec. 11. Notwithstanding any provision of any appropriation bill, the 1984-1985 appropriations for all state departments, agencies, boards, commissions, and other entity receiving state funds are reduced by the amount expended for out-of-state travel, except travel that was essential for the performance of the employee's duties or for professional purposes, during the fiscal year beginning July 1, 1984 by such state entities. The amount of the reduced funds shall revert to the fund from which appropriated.

Sec. 12. This Act, being deemed of immediate importance, takes effect from and after its publication in the West Des Moines Express, a newspaper published in West Des Moines, Iowa, and in The Altoona Herald-Mitchellville Index, a newspaper published in Altoona, Iowa. Section 6 of this Act takes

effect upon publication. All other provisions of this Act take effect July 1, 1984.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2473, Seventieth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 2, 1984

TERRY E. BRANSTAD
Governor