

8 (Total House Bill Passed 3/10/88)

MAR 7 1988

Place On Calendar

HOUSE FILE 2415

BY COMMITTEE ON STATE GOVERNMENT

(Formerly House Study Bill 703)

Passed House, Date 3/10/88 (p. 704)

Passed Senate, Date 3/29/88 (p. 1110)

Vote: Ayes 92 Nays 2

Vote: Ayes 46 Nays 4

Approved April 14 1988 (p. 2107)

Repealed by House on 4/14/88 (p. 1329)
42-2

A BILL FOR

1 An Act relating to incentives to encourage certain state
2 government employees to retire from employment by providing
3 for monetary or insurance payment incentives, and providing an
4 effective date.

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

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1 Section 1. STATE EMPLOYEE RETIREMENT INCENTIVES. A state
2 employee who will be at least sixty-two years of age on or
3 before June 30, 1989, and has at least five years of
4 continuous state employment, and sends written notification to
5 the department of personnel at any time from March 31, 1988,
6 through May 15, 1988, of intent to terminate from state
7 employment not later than June 30, 1988, and to retire under
8 the applicable pension program is eligible to receive
9 retirement incentives. The department of personnel shall
10 coordinate and administer the program established in this
11 section.

12 If the state employee is less than sixty-five years of age
13 when the state employee terminates employment, the state
14 employee is eligible to receive one of the following:

15 1. A retirement bonus which is a lump sum payment equal to
16 ten percent of the final annual salary of the employee, not to
17 exceed five thousand dollars. The retirement bonus shall be
18 paid from funds appropriated to the employee's department,
19 agency, or commission for salaries, support, maintenance, and
20 miscellaneous purposes. However, at the written request of
21 the director of a department, agency, or commission that the
22 director believes that the appropriations to the department,
23 agency, or commission are insufficient to pay the retirement
24 bonus, the governor may authorize payment from the salary
25 adjustment fund. Section 8.39 does not apply to payments made
26 from the salary adjustment fund under this subsection.

27 2. Enrollment in the retiring employee insurance incentive
28 payment program until the employee reaches sixty-five years of
29 age. The program includes all of the following:

30 a. Continuation of participation in the life insurance
31 program to which the state makes contributions under the
32 program in which the employee participated on the effective
33 date of this Act with continuation of state payments at the
34 rate paid for full-time state employees plus the addition of
35 state payments to replace the contributions which would

1 otherwise have been made by the employee if the employee had
2 remained in the program and had not retired.

3 b. Continuation of participation in the health or medical
4 insurance program to which the state makes contributions and
5 the dental insurance program to which the state makes
6 contributions under the programs in which the employee
7 participated on the effective date of this Act with
8 continuation of state payments at the rate paid for full-time
9 state employees plus the addition of state payments to replace
10 the contributions which would otherwise have been made by the
11 employee if the employee had remained in the program and had
12 not retired.

13 The cost of payments under this subsection shall be made
14 from funds appropriated to the salary adjustment fund. The
15 employee's department, agency, or commission shall reimburse
16 the salary adjustment fund annually from the appropriate
17 departmental, revolving, trust, or special fund or from
18 federal funds unless the governor exempts an employee's
19 department, agency, or commission from the reimbursement
20 requirements. Section 8.39 does not apply to reimbursements
21 made to the salary adjustment fund under this subsection.

22 If a state employee is sixty-five years of age or older
23 when the state employee retires, the state employee is
24 eligible to receive the retirement bonus under section 1.
25 Notwithstanding the minimum age requirements specified in this
26 section, if a state employee is fifty-nine years of age or
27 older when the state employee retires under chapter 97A within
28 the time limitations specified in this section, the state
29 employee is eligible to receive the retirement bonus under
30 subsection 1.

31 The incentives provided in this section are in addition to
32 other benefits to which the employee is already entitled.

33 3. For the purpose of this section, "state employee"
34 includes all full-time state employees of the executive,
35 legislative, and judicial branches, except all of the

1 following:

- 2 a. Employees of the state board of regents.
- 3 b. Elected members of the general assembly.
- 4 c. State elected officials.
- 5 d. Judicial officers subject to the judicial retirement
- 6 system in chapter 602.

7 A full-time state employee is an employee who at the date
8 of termination of employment receives full insurance benefits
9 under the state's programs and is not an employee who is
10 receiving disability payments under the state employees
11 disability insurance program. A state employee who receives
12 retirement incentives as provided in this section, and who
13 subsequently applies for and qualifies for disability payments
14 under the disability insurance program is not eligible to
15 receive further early retirement incentives, and shall have
16 disability payments reduced by any amount of retirement
17 incentives received.

18 For purposes of determining the length of a full-time state
19 employee's most recent continuous state service, the
20 department of personnel shall include the state employee's
21 most recent continuous period of service in full-time county
22 employment as full-time state employment for individuals who
23 become full-time state employees under 1983 Iowa Acts, chapter
24 186.

25 Sec. 2. PARTICIPATION IN PROGRAM.

26 1. The administrative head or supervisory employee of a
27 department, board, or commission shall not require a state
28 employee to participate in the state employee retirement
29 incentive program established in section 1 of this Act.

30 2. A state employee who participates in the state employee
31 retirement incentive program is not eligible to accept further
32 employment in which the state or a political subdivision of
33 the state is the employer.

34 Sec. 3. STATE BOARD OF REGENTS. The state board of
35 regents shall establish for its employees incentives for early

1 retirement that do not affect existing programs. The benefits
2 provided by the state board of regents for its merit system
3 employees shall be comparable to the benefits provided in
4 section 1 of this Act.

5 Sec. 4. JUDICIAL DISTRICT DEPARTMENTS OF CORRECTIONAL
6 SERVICES. The board of directors of each judicial district
7 department of correctional services established in chapter 905
8 shall establish for its employees retirement incentives
9 identical to those established in section 1 of this Act. If
10 moneys of a judicial district department of correctional
11 services are insufficient to pay the retirement bonus under
12 section 1, subsection 1, of this Act, the Iowa department of
13 corrections may request that the governor authorize payment
14 from the salary adjustment fund. The cost of payments under
15 section 1, subsection 2, of this Act shall be made from moneys
16 appropriated to the salary adjustment fund, and the Iowa
17 department of corrections shall reimburse the salary
18 adjustment fund annually from state moneys appropriated for
19 the establishment, operation, support, and evaluation of
20 community-based correctional programs and services unless the
21 governor exempts the department from the reimbursement
22 requirements.

23 Sec. 5. A state department shall not be required to delete
24 more than its proportionate share of all general fund
25 positions vacated through early retirement. If a position
26 vacated through early retirement is not to be deleted, the
27 department of management shall approve, within five working
28 days from the receipt of the request, a request to fill a
29 position.

30 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
31 immediate importance, takes effect upon its enactment.

32 EXPLANATION

33 This bill provides for programs of early retirement
34 incentives for state and local government employees similar to
35 the early retirement incentive programs enacted in 1986.

1 State employees who will be 62 years old by July 1, 1988,
2 may choose to retire and be eligible for either a lump sum
3 payment equal to ten percent of the final annual salary, not
4 to exceed \$5,000, or continue enrollment in the health, life,
5 and dental insurance programs until reaching age 65.

6 SIMILAR TO HSB 703 (LSB 4656XG AND LSB 4655XG)
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HOUSE FILE 2415
FISCAL NOTE

REQUESTED BY REPRESENTATIVE BLANSHAN

In compliance with a written request received March 7, 1988, a fiscal note for HOUSE FILE 2415 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2415 provides for programs of early retirement incentives for state and local government employees similar to the early retirement incentive program enacted in 1986.

State employees who will be 62 years old by July 1, 1989, may choose to retire and be eligible for either a lump sum payment equal to ten percent of the final annual salary, not to exceed \$5,000, or continue enrollment in the health, life and disability insurance programs until reaching age 65.

No state employee shall be required to participate in this program. Additionally, any state employee who does participate is not eligible to accept further employment with the state or a political subdivision of the state.

The State Board of Regents shall establish a retirement incentive program that does not affect existing programs. Any program for the Regents merit system employees shall be comparable to the benefits provided in Section 1 of this act. The Judicial District Departments of Correctional Services shall establish retirement incentives for their employees identical to those provided in section one of this bill.

ASSUMPTIONS

- A. There will not be a supplemental request for FY 1988 for this bill, as the immediate costs of the program will be born by the operating budgets of the state departments in FY 1989. However, the Governor may exempt any department from paying these costs.
- B. A total of 150 positions funded by the general fund, which will be vacated, will not be refilled. However, no department shall be required to delete more than its proportionate share of all general fund positions vacated through early retirement.
- C. The Department of Management shall approve, within five working days of a request, the request to fill a position which will not be deleted from a department's table of organization.
- D. The estimated savings are derived from a combination of a delay in refilling vacated positions, refilling a position at a lower salary level, and the non-filling of 150 vacated positions.
- E. The costs of the program do not include the costs of vacation and sick leave payoffs as they are benefit rights derived due to employment and would have to be paid out whenever the employee retired.
- F. An employee must meet the following definition in order to qualify under this program:
 - a. Have five years of continuous state employment.
 - b. Be age 62 before July 1, 1989.
 - c. Apply to the Department of Personnel for retirement between March 31, 1988 and May 15, 1988.
 - d. Terminate employment not later than June 30, 1988.

Page Two, Fiscal Note, House File 2415

- G. The number of eligible employees, based on an estimate as of January 11, 1988 are as follows:
 - a. Age 62 - 289 employees.
 - b. Age 63 - 298 employees.
 - c. Age 64 - 174 employees.
 - d. Age 65+ - 369 employees.
- H. Participation will range from 350 to 400 employees.
- I. One-half of the retirees will be in positions funded through the General Fund, of which 150 will be permanently vacated.

FISCAL EFFECT

The following analysis does not include costs to the Board of Regents, which did not provide the necessary information to estimate the impact from any program they might implement.

- A. Average annual state cost if an eligible individual remains on the payroll throughout FY 1989 is \$30,320.
- B. Average total costs to be incurred in FY 1989 include, vacation and sick leave costs (not directly attributable to the bill, of \$5,936, and early retirement bonus of \$2,525 for a total average cost per retiring employee of \$8,461.
- C. The average cost of the insurance option would be \$1,872 per individual per year until age 65. If the 113 positions were permanently vacated the savings would also offset these costs after several years.
- D. Average savings per position, assuming the position is left vacant for the entire FY 1989 and those which are refilled are not refilled until the costs associated with those positions has been recovered is \$21,859.
- E. Calculation of savings for FY 1989 is $\$21,859 \times 150 = \$3,278,850$.
- F. The savings in FY 1990 is estimated to be $\$30,320 \times 150 = \$4,548,000$.
- G. Both of these estimates assume all employees taking the bonus option. If the insurance option is selected savings may be greater in the FY 1989 but would be lower in FY 1990 by the cost of the insurance.
- H. The Department of Corrections estimates that only 2 of the six Judicial District staff, who would be eligible, would retire. Assuming the same average salary as other state employees, and that one position would remain vacated permanently, the savings would be \$21,859 for FY 1989 and \$30,320 for FY 1990. This would vary if the insurance option were chosen rather than the bonus option.

(Source: Department of Personnel)

(LSB 4656H, DPW)

FILED MARCH 9, 1988

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2415

S-5634

1 Amend House File 2415, as passed by the House, as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. NEW SECTION. 275.59 EARLY RETIREMENT
6 FOLLOWING SCHOOL REORGANIZATION OR DISSOLUTION.

7 A certificated employee of a school district which
8 reorganizes or dissolves under this chapter during the
9 period beginning July 1, 1990, and ending June 30,
10 1992, is eligible to receive a retirement incentive as
11 provided in this section. The retirement incentive is
12 in addition to any retirement incentive provided by
13 the board of directors of a school district under
14 section 279.46. The certificated employee shall be
15 between fifty-nine and sixty-five years of age at the
16 time the reorganization or dissolution occurs. If the
17 certificated employee is less than sixty-five years of
18 age when the certificated employee terminates em-
19 ployment, the certificated employee is eligible to
20 receive a retirement bonus which is a lump sum payment
21 equal to ten percent of the final annual salary of the
22 employee, not to exceed five thousand dollars. The
23 board of directors of the school district shall notify
24 the department of management of the names of employees
25 eligible for payments under this section and shall
26 submit other verification of employment required by
27 the department of management. For the purposes of
28 this section, "certificated employee" means an
29 administrator or teacher who possesses a certificate
30 issued under chapter 260 and at the time of retirement
31 is employed on a full-time basis by one or more school
32 districts. The governor shall authorize payment from
33 the salary adjustment fund for the retirement bonuses
34 paid under this section. Section 8.39 does not apply
35 to payments made from the salary adjustment fund under
36 this section."

37 2. Title page, line 1, by inserting after the
38 word "state" the following: "and local".

S-5634

Filed March 29, 1988

ADOPTED

BY JOE WELSH

Cp 11107

SENATE AMENDMENT TO HOUSE FILE 2415

H-6058

1 Amend House File 2415, as passed by the House, as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. NEW SECTION. 275.59 EARLY RETIREMENT
6 FOLLOWING SCHOOL REORGANIZATION OR DISSOLUTION.

7 A certificated employee of a school district which
8 reorganizes or dissolves under this chapter during the
9 period beginning July 1, 1990, and ending June 30,
10 1992, is eligible to receive a retirement incentive as
11 provided in this section. The retirement incentive is
12 in addition to any retirement incentive provided by
13 the board of directors of a school district under
14 section 279.46. The certificated employee shall be
15 between fifty-nine and sixty-five years of age at the
16 time the reorganization or dissolution occurs. If the
17 certificated employee is less than sixty-five years of
18 age when the certificated employee terminates em-
19 ployment, the certificated employee is eligible to
20 receive a retirement bonus which is a lump sum payment
21 equal to ten percent of the final annual salary of the
22 employee, not to exceed five thousand dollars. The
23 board of directors of the school district shall notify
24 the department of management of the names of employees
25 eligible for payments under this section and shall
26 submit other verification of employment required by
27 the department of management. For the purposes of
28 this section, "certificated employee" means an
29 administrator or teacher who possesses a certificate
30 issued under chapter 260 and at the time of retirement
31 is employed on a full-time basis by one or more school
32 districts. The governor shall authorize payment from
33 the salary adjustment fund for the retirement bonuses
34 paid under this section. Section 8.39 does not apply
35 to payments made from the salary adjustment fund under
36 this section."

37 2. Title page, line 1, by inserting after the
38 word "state" the following: "and local".

H-6058 FILED MARCH 30, 1988 RECEIVED FROM THE SENATE

House Amendment 4/4 (p. 1549)

HSB 703

House Study Bill 703

STATE GOVERNMENT

State Government: Blanshen, Chair, Carpenter, Connors, Hammond and Hanson of
Delaware.

HOUSE 245
BY (PROPOSED GOVERNOR'S BILL)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to incentives to encourage certain state and
2 local government employees to retire from employment by
3 providing for monetary or insurance payment incentives, and
4 providing an effective date.

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

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TL5B 4656XG 72

jw/rln/8

1 Section 1. STATE EMPLOYEE RETIREMENT INCENTIVES. A state
2 employee who will be at least sixty-two years of age by July
3 1, 1988, and has at least five years of continuous state
4 employment, and sends written notification to the department
5 of personnel at any time from April 1, 1988, through May 15,
6 1988, of intent to terminate from state employment not later
7 than June 30, 1988, and to retire under the applicable pension
8 program is eligible to receive retirement incentives. The
9 department of personnel shall coordinate and administer the
10 program established in this section.

11 If the state employee is less than sixty-five years of age
12 when the state employee terminates employment, the state
13 employee is eligible to receive one of the following:

14 1. A retirement bonus which is a lump sum payment equal to
15 ten percent of the final annual salary of the employee, not to
16 exceed five thousand (5,000) dollars. The retirement bonus
17 shall be paid from funds appropriated to the employee's
18 department, agency, or commission for salaries, support,
19 maintenance, and miscellaneous purposes. However, at the
20 written request of the director of a department, agency, or
21 commission that the director believes that the appropriations
22 to the department, agency, or commission are insufficient to
23 pay the retirement bonus, the governor may authorize payment
24 from the salary adjustment fund. Section 8.39 does not apply
25 to payments made from the salary adjustment fund under this
26 subsection.

27 2. Enrollment in the retiring employee insurance incentive
28 payment program until the employee reaches sixty-five years of
29 age. The program includes all of the following:

30 a. Continuation of participation in the life insurance
31 program to which the state makes contributions under the
32 program in which the employee participated on the effective
33 date of this Act with continuation of state payments at the
34 rate paid for full-time state employees plus the addition of
35 state payments to replace the contributions which would

1 otherwise have been made by the employee if the employee had
2 remained in the program and had not retired.

3 b. Continuation of participation in the health or medical
4 insurance program to which the state makes contributions and
5 the dental insurance program to which the state makes
6 contributions under the programs in which the employee
7 participated on the effective date of this Act with
8 continuation of state payments at the rate paid for full-time
9 state employees plus the addition of state payments to replace
10 the contributions which would otherwise have been made by the
11 employee if the employee had remained in the program and had
12 not retired.

13 The cost of payments under this subsection shall be made
14 from funds appropriated to the salary adjustment fund. The
15 employee's department, agency, or commission shall reimburse
16 the salary adjustment fund annually from the appropriate
17 departmental, revolving, trust, or special fund or from
18 federal funds unless the governor exempts an employee's
19 department, agency, or commission from the reimbursement
20 requirements. Section 8.39 does not apply to reimbursements
21 made to the salary adjustment fund under this subsection.

22 If a state employee is sixty-five years of age or older
23 when the state employee retires, the state employee is
24 eligible to receive the retirement bonus under section 1.
25 Notwithstanding the minimum age requirements specified in this
26 section, if a state employee is fifty-nine years of age or
27 older when the state employee retires under chapter 97A within
28 the time limitations specified in this section, the state
29 employee is eligible to receive the retirement bonus under
30 subsection 1.

31 The incentives provided in this section are in addition to
32 other benefits to which the employee is already entitled.

33 3. For the purpose of this section, "state employee"
34 includes all full-time state employees of the executive,
35 legislative, and judicial branches, except all of the

1 following:

- 2 a. Employees of the state board of regents.
- 3 b. Elected members of the general assembly.
- 4 c. State elected officials.
- 5 d. Judicial officers subject to the judicial retirement
- 6 system in chapter 602.

7 A full-time state employee is an employee who at the date
8 of termination of employment receives full insurance benefits
9 under the state's programs and is not an employee who is
10 receiving disability payments under the state employees
11 disability insurance program.

12 For purposes of determining the length of a full-time state
13 employee's most recent continuous state service, the
14 department of personnel shall include the state employee's
15 most recent continuous period of service in full-time county
16 employment as full-time state employment for individuals who
17 become full-time state employees under 1983 Iowa Acts, chapter
18 186.

19 Sec. 2. PARTICIPATION IN PROGRAM.

20 1. The administrative head or supervisory employee of a
21 department, board, or commission shall not require a state
22 employee to participate in the state employee retirement
23 incentive program established in section 1 of this Act.

24 2. A state employee who participates in the state employee
25 retirement incentive program is not eligible to accept further
26 employment in which the state or a political subdivision of
27 the state is the employer.

28 Sec. 3. STATE BOARD OF REGENTS. The state board of
29 regents shall establish for its employees incentives for early
30 retirement that do not affect existing programs. The benefits
31 provided by the state board of regents for its merit system
32 employees shall be comparable to the benefits provided in
33 section 1 of this Act.

34 Sec. 4. JUDICIAL DISTRICT DEPARTMENTS OF CORRECTIONAL
35 SERVICES. The board of directors of each judicial district

1 department of correctional services established in chapter 905
2 shall establish for its employees retirement incentives
3 identical to those established in section 1 of this Act. If
4 moneys of a judicial district department of correctional
5 services are insufficient to pay the retirement bonus under
6 section 1, subsection 1, of this Act, the Iowa department of
7 corrections may request that the governor authorize payment
8 from the salary adjustment fund. The cost of payments under
9 section 1, subsection 2, of this Act shall be made from moneys
10 appropriated to the salary adjustment fund, and the Iowa
11 department of corrections shall reimburse the salary
12 adjustment fund annually from state moneys appropriated for
13 the establishment, operation, support, and evaluation of
14 community-based correctional programs and services unless the
15 governor exempts the department from the reimbursement
16 requirements.

17 Sec. 5. POLITICAL SUBDIVISION RETIREMENT INCENTIVES. The
18 governing board of a political subdivision may adopt a program
19 for payment of a monetary bonus, continuation of health or
20 medical insurance coverage, or other incentives for
21 encouraging its employees to retire before the normal
22 retirement date as defined in chapter 97B. The program is
23 available only to employees between sixty-one and sixty-five
24 years of age who notify the board at any time from April 1,
25 1988, through August 31, 1988, that they intend to retire not
26 later than January 1, 1989. An employee retiring under this
27 section shall apply for a retirement allowance under chapter
28 97B or chapter 294. If the total estimated accumulated cost
29 to a political subdivision of the bonus or other incentives
30 for employees who retire under this section does not exceed
31 the estimated savings in salaries and benefits for employees
32 who replace the employees who retire under the program, the
33 governing board may certify for levy not later than March 15,
34 1989, a tax on all taxable property in the political
35 subdivision to pay the costs of the program provided in this

1 section. The levy certified under this section is in addition
2 to any other levy authorized for that political subdivision by
3 law and is not subject to budget limitations otherwise
4 provided by law. A governing board may amend its certified
5 budget during a fiscal year to provide for payments required
6 under this section.

7 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
8 immediate importance, takes effect upon its enactment.

9 EXPLANATION

10 This bill provides for programs of early retirement
11 incentives for state and local government employees similar to
12 the early retirement incentive programs enacted in 1986.

13 State employees who will be 62 years old by July 1, 1988,
14 may choose to retire and be eligible for either a lump sum
15 payment equal to ten percent of the final annual salary, not
16 to exceed \$5,000, or continue enrollment in the health, life,
17 and disability insurance programs until reaching age 65.

18 The governing board of a political subdivision may adopt a
19 program of retirement incentives for employees between the
20 ages of 61 and 65 and may levy a one-time property tax to pay
21 the costs of the program if the estimated savings are greater
22 than the estimated accumulated costs.

23 COMPANION TO LSB 4655XG

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HOUSE FILE 2415

AN ACT

RELATING TO INCENTIVES TO ENCOURAGE CERTAIN STATE AND
LOCAL GOVERNMENT EMPLOYEES TO RETIRE FROM EMPLOYMENT BY
PROVIDING FOR MONETARY OR INSURANCE PAYMENT INCENTIVES, AND
PROVIDING AN EFFECTIVE DATE.

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

Section 1. NEW SECTION. 275.59 EARLY RETIREMENT
FOLLOWING SCHOOL REORGANIZATION OR DISSOLUTION.

A certificated employee of a school district which reorganizes or dissolves under this chapter during the period beginning July 1, 1990, and ending June 30, 1992, is eligible to receive a retirement incentive as provided in this section. The retirement incentive is in addition to any retirement incentive provided by the board of directors of a school district under section 279.46. The certificated employee shall be between fifty-nine and sixty-five years of age at the time the reorganization or dissolution occurs. If the certificated employee is less than sixty-five years of age when the certificated employee terminates employment, the certificated employee is eligible to receive a retirement bonus which is a lump sum payment equal to ten percent of the final annual salary of the employee, not to exceed five thousand dollars. The board of directors of the school district shall notify the department of management of the names of employees eligible for payments under this section and shall submit other verification of employment required by the department of management. For the purposes of this section, "certificated employee" means an administrator or teacher who possesses a certificate issued under chapter 260 and at the time of retirement is employed on a full-time basis by one or more school districts. The governor shall authorize

payment from the salary adjustment fund for the retirement bonuses paid under this section. Section 8.39 does not apply to payments made from the salary adjustment fund under this section.

Sec. 2. STATE EMPLOYEE RETIREMENT INCENTIVES. A state employee who will be at least sixty-two years of age on or before June 30, 1989, and has at least five years of continuous state employment, and sends written notification to the department of personnel at any time from March 31, 1988, through May 15, 1988, of intent to terminate from state employment not later than June 30, 1988, and to retire under the applicable pension program is eligible to receive retirement incentives. The department of personnel shall coordinate and administer the program established in this section.

If the state employee is less than sixty-five years of age when the state employee terminates employment, the state employee is eligible to receive one of the following:

1. A retirement bonus which is a lump sum payment equal to ten percent of the final annual salary of the employee, not to exceed five thousand dollars. The retirement bonus shall be paid from funds appropriated to the employee's department, agency, or commission for salaries, support, maintenance, and miscellaneous purposes. However, at the written request of the director of a department, agency, or commission that the director believes that the appropriations to the department, agency, or commission are insufficient to pay the retirement bonus, the governor may authorize payment from the salary adjustment fund. Section 8.39 does not apply to payments made from the salary adjustment fund under this subsection.

2. Enrollment in the retiring employee insurance incentive payment program until the employee reaches sixty-five years of age. The program includes all of the following:

- a. Continuation of participation in the life insurance program to which the state makes contributions under the

HF 2415

program in which the employee participated on the effective date of this Act with continuation of state payments at the rate paid for full-time state employees plus the addition of state payments to replace the contributions which would otherwise have been made by the employee if the employee had remained in the program and had not retired.

b. Continuation of participation in the health or medical insurance program to which the state makes contributions and the dental insurance program to which the state makes contributions under the programs in which the employee participated on the effective date of this Act with continuation of state payments at the rate paid for full-time state employees plus the addition of state payments to replace the contributions which would otherwise have been made by the employee if the employee had remained in the program and had not retired.

The cost of payments under this subsection shall be made from funds appropriated to the salary adjustment fund. The employee's department, agency, or commission shall reimburse the salary adjustment fund annually from the appropriate departmental, revolving, trust, or special fund or from federal funds unless the governor exempts an employee's department, agency, or commission from the reimbursement requirements. Section 8.39 does not apply to reimbursements made to the salary adjustment fund under this subsection.

If a state employee is sixty-five years of age or older when the state employee retires, the state employee is eligible to receive the retirement bonus under subsection 1. Notwithstanding the minimum age requirements specified in this section, if a state employee is fifty-nine years of age or older when the state employee retires under chapter 97A within the time limitations specified in this section, the state employee is eligible to receive the retirement bonus under subsection 1.

The incentives provided in this section are in addition to other benefits to which the employee is already entitled.

3. For the purpose of this section, "state employee" includes all full-time state employees of the executive, legislative, and judicial branches, except all of the following:

- a. Employees of the state board of regents.
- b. Elected members of the general assembly.
- c. State elected officials.
- d. Judicial officers subject to the judicial retirement system in chapter 602.

A full-time state employee is an employee who at the date of termination of employment receives full insurance benefits under the state's programs and is not an employee who is receiving disability payments under the state employees disability insurance program. A state employee who receives retirement incentives as provided in this section, and who subsequently applies for and qualifies for disability payments under the disability insurance program is not eligible to receive further early retirement incentives, and shall have disability payments reduced by any amount of retirement incentives received.

For purposes of determining the length of a full-time state employee's most recent continuous state service, the department of personnel shall include the state employee's most recent continuous period of service in full-time county employment as full-time state employment for individuals who become full-time state employees under 1983 Iowa Acts, chapter 186.

Sec. 3. PARTICIPATION IN PROGRAM.

1. The administrative head or supervisory employee of a department, board, or commission shall not require a state employee to participate in the state employee retirement incentive program established in section 2 of this Act.

2. A state employee who participates in the state employee retirement incentive program is not eligible to accept further employment in which the state or a political subdivision of the state is the employer.

Sec. 4. STATE BOARD OF REGENTS. The state board of regents shall establish for its employees incentives for early retirement that do not affect existing programs. The benefits provided by the state board of regents for its merit system employees shall be comparable to the benefits provided in section 2 of this Act.

Sec. 5. JUDICIAL DISTRICT DEPARTMENTS OF CORRECTIONAL SERVICES. The board of directors of each judicial district department of correctional services established in chapter 905 shall establish for its employees retirement incentives identical to those established in section 2 of this Act. If moneys of a judicial district department of correctional services are insufficient to pay the retirement bonus under section 2, subsection 1, of this Act, the Iowa department of corrections may request that the governor authorize payment from the salary adjustment fund. The cost of payments under section 2, subsection 2, of this Act shall be made from moneys appropriated to the salary adjustment fund, and the Iowa department of corrections shall reimburse the salary adjustment fund annually from state moneys appropriated for the establishment, operation, support, and evaluation of community-based correctional programs and services unless the governor exempts the department from the reimbursement requirements.

Sec. 6. A state department shall not be required to delete more than its proportionate share of all general fund positions vacated through early retirement. If a position vacated through early retirement is not to be deleted, the department of management shall approve, within five working days from the receipt of the request, a request to fill a position.

Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon its enactment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2415, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 14, 1988

TERRY E. BRANSTAD
Governor

HF 2415