

FILED FEB 15 2006

SENATE FILE 2231
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3138)

Passed Senate, Date 3-20-06 Passed House, Date _____
Vote: Ayes 48 Nays 0 Vote: Ayes _____ Nays _____
Approved April 6, 2006

A BILL FOR

1 An Act concerning accrued sick leave and the conversion of sick
2 leave for state employees.

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

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SE 2231

1 Section 1. Section 70A.1, Code 2005, is amended to read as
2 follows:

3 70A.1 SALARIES -- PAYMENT -- VACATIONS -- SICK LEAVE --
4 EDUCATIONAL LEAVE.

5 1. Salaries specifically provided for in an appropriation
6 Act of the general assembly shall be in lieu of existing
7 statutory salaries, for the positions provided for in the Act,
8 and all salaries, including longevity where applicable by
9 express provision in the Code, shall be paid according to the
10 provisions of chapter 91A and shall be in full compensation of
11 all services, including any service on committees, boards,
12 commissions or similar duty for Iowa government, except for
13 members of the general assembly. A state employee on an
14 annual salary shall not be paid for a pay period an amount
15 which exceeds the employee's annual salary transposed into a
16 rate applicable to the pay period by dividing the annual
17 salary by the number of pay periods in the fiscal year.
18 Salaries for state employees covered by the overtime payment
19 provisions of the federal Fair Labor Standards Act shall be
20 established on an hourly basis.

21 2. All employees of the state earn two weeks' vacation per
22 year during the first year of employment and through the
23 fourth year of employment, and three weeks' vacation per year
24 during the fifth and through the eleventh year of employment,
25 and four weeks' vacation per year during the twelfth year
26 through the nineteenth year of employment, and four and four-
27 tenths weeks' vacation per year during the twentieth year
28 through the twenty-fourth year of employment, and five weeks'
29 vacation per year during the twenty-fifth year and all
30 subsequent years of employment, with pay. One week of
31 vacation is equal to the number of hours in the employee's
32 normal work week. Vacation allowances accrue according to
33 chapter 91A as provided by the rules of the department of
34 administrative services. The vacations shall be granted at
35 the discretion and convenience of the head of the department,

1 agency, or commission, except that an employee shall not be
2 granted vacation in excess of the amount earned by the
3 employee. Vacation leave earned under this paragraph
4 subsection shall not be cumulated to an amount in excess of
5 twice the employee's annual rate of accrual. The head of the
6 department, agency, or commission shall make every reasonable
7 effort to schedule vacation leave sufficient to prevent any
8 loss of entitlements.

9 PARAGRAPH DIVIDED. If the employment of an employee of the
10 state is terminated the provisions of chapter 91A relating to
11 the termination apply.

12 If ~~said~~ the termination of employment ~~shall-be~~ is by reason
13 of the death of the employee, ~~such~~ the vacation allowance
14 shall be paid to the estate of the deceased employee if ~~such~~
15 the estate ~~shall-be~~ is opened for probate. If ~~no~~ an estate ~~be~~
16 is not opened, the allowance shall be paid to the surviving
17 spouse, if any, or to the legal heirs if no spouse survives.

18 3. Payments authorized by this section shall be approved
19 by the department subject to rules of the department of
20 administrative services and paid from the appropriation or
21 fund of original certification of the claim.

22 4. ~~Commencing July 1, 1979~~ Effective July 1, 2006,
23 permanent full-time and permanent part-time employees of state
24 departments, boards, agencies, and commissions, ~~excluding~~
25 ~~employees covered under a collective bargaining agreement~~
26 ~~which provides otherwise,~~ shall accrue sick leave ~~at the rate~~
27 ~~of one and one-half days for each complete month of full-time~~
28 employment as provided in this subsection which shall be
29 credited to the employee's sick leave account. The sick leave
30 accrual rate for part-time employees shall be prorated to the
31 accrual rate for full-time employees. The sick leave accrual
32 rate for each complete month of full-time employment,
33 excluding employees covered under a collective bargaining
34 agreement which provides for a different rate of accrual,
35 shall be as follows:

1 a. For employees of the state board of regents, one and
2 one-half days.

3 b. For all other employees, the rate shall be as follows:

4 (1) If the employee's accrued sick leave balance is seven
5 hundred fifty hours or less, one and one-half days.

6 (2) If the employee's accrued sick leave balance is one
7 thousand five hundred hours or less but more than seven
8 hundred fifty hours, one day.

9 (3) If the employee's accrued sick leave balance is more
10 than one thousand five hundred hours, one-half day.

11 5. Sick leave shall not accrue during any period of
12 absence without pay. Employees may use accrued sick leave for
13 physical or mental personal illness, bodily injury, medically
14 related disabilities, including disabilities resulting from
15 pregnancy and childbirth, or contagious disease, which result
16 in any of the following:

17 ~~1-~~ a. Which-require-the The employee's confinement, is
18 required.

19 ~~2-~~ b. Which-render-the The employee is rendered unable to
20 perform assigned duties, -or.

21 ~~3-~~ c. When The performance of assigned duties would
22 jeopardize the employee's health or recovery.

23 ~~6. Separation-from-state-employment-shall-cancel~~ Except as
24 provided in section 70A.23, all unused accrued sick leave in
25 an employee's sick leave account is canceled upon the
26 employee's separation from state employment. However, if an
27 employee is laid off and the employee is re-employed by any
28 state department, board, agency, or commission within one year
29 of the date of the layoff, accrued sick leave of the employee
30 shall be restored.

31 7. State employees, excluding state board of regents'
32 faculty members with nine-month appointments, and employees
33 covered under a collective bargaining agreement negotiated
34 with the public safety bargaining unit who are eligible for
35 accrued vacation benefits and accrued sick leave benefits, who

1 have accumulated thirty days of sick leave, and who do not use
2 sick leave during a full month of employment may elect to
3 accrue have up to one-half day of additional vacation added to
4 the employee's accrued vacation account. The ~~accrual~~-of
5 additional vacation time by added to an employee employee's
6 accrued vacation account for not using sick leave during a
7 month is in lieu of the accrual of up-to-one-and-one-half-days
8 of sick leave for that month. The amount of additional
9 vacation for part-time employees shall be prorated to the
10 amount of additional vacation authorized for full-time
11 employees. The director of the department of administrative
12 services may adopt the necessary rules and procedures for the
13 implementation of this program for all state employees except
14 employees of the state board of regents. The state board of
15 regents may adopt necessary rules for the implementation of
16 this program for its employees.

17 8. The head of any department, agency, or commission,
18 subject to rules of the department of administrative services,
19 may grant an educational leave to employees for whom the head
20 of the department, agency, or commission is responsible
21 pursuant to section 70A.25 and funds appropriated by the
22 general assembly may be used for this purpose. The head of
23 the department, agency, or commission shall notify the
24 legislative council and the director of the department of
25 administrative services of all educational leaves granted
26 within fifteen days of the granting of the educational leave.
27 If the head of a department, agency, or commission fails to
28 notify the legislative council and the director of the
29 department of administrative services of an educational leave,
30 the expenditure of funds appropriated by the general assembly
31 for the educational leave shall not be allowed.

32 9. A specific annual salary rate or annual salary
33 adjustment commencing with a fiscal year shall commence on
34 July 1 except that if a pay period overlaps two fiscal years,
35 a specific annual salary rate or annual salary adjustment

1 shall commence with the first day of a pay period as specified
2 by the general assembly.

3 Sec. 2. Section 70A.23, Code 2005, is amended by striking
4 the section and inserting in lieu thereof the following:

5 70A.23 CREDIT FOR ACCRUED SICK LEAVE.

6 1. For purposes of this section:

7 a. "Eligible retirement system" means a retirement system
8 authorized under chapter 97A or 97B, including the teachers
9 insurance and annuity association-college retirement equities
10 fund (TIAA-CREF).

11 b. "Eligible state employee" means a state employee
12 eligible to receive retirement benefits under an eligible
13 retirement system.

14 2. An eligible state employee, excluding an employee
15 covered under a collective bargaining agreement which provides
16 otherwise, who retires and has applied for retirement benefits
17 under an eligible retirement system, or who dies while in
18 active employment, shall be credited with the number of
19 accrued days of sick leave of the employee. The employee, or
20 the employee's estate, shall receive a cash payment of the
21 monetary value of the employee's accrued sick leave balance,
22 not to exceed two thousand dollars. The value of the
23 employee's accrued sick leave balance shall be calculated by
24 multiplying the number of hours of accrued sick leave by the
25 employee's regular hourly rate of pay at the time of
26 retirement.

27 3. a. An eligible state employee, excluding an employee
28 covered under a collective bargaining agreement which provides
29 otherwise or an employee of the state board of regents, who
30 retires and receives a payment as provided in subsection 2
31 shall be entitled to elect to have the employee's banked value
32 of eligible accrued sick leave available to be used to pay the
33 state share for the employee's continuation of state group
34 health insurance coverage pursuant to the requirements of this
35 subsection.

1 b. An eligible state employee's banked value of eligible
2 accrued sick leave shall be calculated as follows:

3 (1) If the employee's accrued sick leave balance remaining
4 after payment as provided in subsection 2 is seven hundred
5 fifty hours or less, sixty percent of the value of the
6 remaining accrued sick leave balance.

7 (2) If the employee's accrued sick leave balance remaining
8 after payment as provided in subsection 2 is one thousand five
9 hundred hours or less but more than seven hundred fifty hours,
10 eighty percent of the value of the remaining accrued sick
11 leave balance.

12 (3) If the employee's accrued sick leave balance remaining
13 after payment as provided in subsection 2 is more than one
14 thousand five hundred hours, one hundred percent of the value
15 of the remaining accrued sick leave balance.

16 c. An eligible state employee's banked value of eligible
17 accrued sick leave shall be available to pay for that portion
18 of the employee's state group health insurance premium that
19 would otherwise be paid for by the state if the employee were
20 still a state employee. The benefits provided for in this
21 subsection have no cash value and are not transferable to any
22 other person, including the retiree's spouse. Payment of
23 state group health insurance premiums pursuant to this
24 subsection continues until the earliest of when the eligible
25 state employee's banked value of eligible accrued sick leave
26 is exhausted, the employee otherwise becomes eligible for
27 federal Medicare program benefits, or the employee dies. In
28 addition, an employee electing benefits pursuant to this
29 subsection who is reinstated or reemployed in a permanent
30 full-time or permanent part-time position within state
31 government forfeits any remaining benefits for payment of
32 state group health insurance benefits, and such employee is
33 not eligible for restoration of the unused sick leave accrued
34 during the employee's prior employment with the state.

35 4. Notwithstanding any provision of this section to the

1 contrary, peace officers employed within the department of
2 public safety and the department of natural resources that are
3 not covered under a collective bargaining agreement shall have
4 a sick leave conversion program extended to them that is
5 equivalent to the sick leave conversion program negotiated
6 under chapter 20 between the state and the state police
7 officers council labor union for peace officers. In addition,
8 an employee of the department of public safety or the
9 department of natural resources who has earned benefits of
10 payment of premiums under a collective bargaining agreement
11 and who becomes a manager or supervisor and is no longer
12 covered by the agreement shall not lose the benefits of
13 payment of premiums earned while covered by the agreement.
14 The payment shall be calculated by multiplying the number of
15 hours of accumulated, unused sick leave by the employee's
16 hourly rate of pay at the time of retirement.

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EXPLANATION

18 This bill is submitted by the department of administrative
19 services pursuant to 2005 Iowa Acts, chapter 177, section 12.
20 That Act required the department to submit proposed changes to
21 the Code and administrative rules to the general assembly that
22 are necessary to implement the sick leave conversion program
23 provided by that Act.

24 The bill makes changes to the accrual rate of sick leave
25 for non-board of regents state employees not covered by a
26 collective bargaining agreement and also provides that these
27 employees are eligible, if otherwise qualified, to participate
28 in a sick leave conversion program that allows them to use a
29 portion of their accrued sick leave upon retirement for
30 payment of state group health insurance premiums.

31 The sick leave accrual provisions of Code section 70A.1 are
32 amended by the bill. The bill provides that state employees,
33 excluding employees covered under a collective bargaining
34 agreement which provides otherwise and employees of the state
35 board of regents, shall accrue sick leave at a rate dependent

1 on the number of hours of sick leave the employee has accrued.
2 If the employee has accrued 750 hours or less, the employee
3 accrues one and one-half days of sick leave per month. If the
4 employee has accrued 1,500 hours or less, but more than 750
5 hours, the employee accrues one day of sick leave per month.
6 If the employee has accrued more than 1,500 hours, the
7 employee accrues one-half day of sick leave per month. Under
8 current law, which is still applicable to employees of the
9 state board of regents, employees accrue one and one-half days
10 of sick leave per month regardless of the employee's accrued
11 sick leave amount.

12 Code section 70A.23, concerning the credit for accrued sick
13 leave, is amended by the bill. That section currently
14 provides, and remains unchanged by the bill, that state
15 employees, excluding employees covered under a collective
16 bargaining agreement which provides otherwise, who retire or
17 are eligible to retire and die while in active employment can
18 receive a cash payment of up to \$2,000 for their unused sick
19 leave. The bill provides that eligible state employees,
20 excluding employees covered under a collective bargaining
21 agreement which provides otherwise and employees of the state
22 board of regents, may participate in a sick leave conversion
23 program. The program allows eligible state employees who
24 retire and continue state group health insurance coverage to
25 use a portion of the employee's accrued sick leave to pay that
26 portion of the employee's health insurance premium that would
27 otherwise be paid for by the state if the employee were still
28 a state employee. The portion available to be used to pay
29 premiums is calculated dependent on the number of hours of
30 accrued sick leave the employee has accrued and not used to
31 provide the \$2,000 cash payment. If the employee has
32 remaining unused accrued sick leave of 750 hours or less, the
33 employee receives 60 percent of the remaining accrued sick
34 leave balance for payment of premiums. If the employee has
35 remaining unused accrued sick leave of 1,500 hours or less,

1 but more than 750 hours, the employee receives 80 percent of
2 the remaining accrued sick leave balance for payment of
3 premiums. If the employee has remaining unused accrued sick
4 leave of more than 1,500 hours, the employee receives 100
5 percent of the remaining accrued sick leave balance for
6 payment of premiums. The payment of premiums from accrued
7 sick leave continues until the balance of the employee's
8 banked value of eligible accrued sick leave is exhausted, the
9 retiree otherwise becomes eligible for Medicare, or the
10 employee dies. In addition, the bill provides that if such an
11 employee returns to permanent full-time or part-time state
12 employment, any unused sick leave balances are forfeited and
13 the employee is not eligible for restoration of the unused
14 sick leave accrued during the prior state employment.

15 Finally, the bill provides that peace officers employed
16 within the department of public safety and the department of
17 natural resources that are not covered under a collective
18 bargaining agreement shall have a sick leave conversion
19 program extended to them that is equivalent to the sick leave
20 conversion program negotiated under Code chapter 20 between
21 the state and the state police officers council labor union
22 for peace officers.

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SENATE FILE 2231

S-5041

1 Amend Senate File 2231 as follows:

2 1. By striking page 2, line 22, through page 3,
3 line 10, and inserting the following:

4 "4. a. Commencing July 1, 1979, permanent full-
5 time and permanent part-time employees of state
6 departments, boards, agencies, and commissions,
7 excluding employees covered under a collective
8 bargaining agreement which provides otherwise, shall
9 accrue sick leave at the rate of one and one-half days
10 for each complete month of full-time employment,
11 except as otherwise provided in this subsection. The
12 sick leave accrual rate for part-time employees shall
13 be prorated to the accrual rate for full-time
14 employees.

15 b. Notwithstanding any provision of this
16 subsection to the contrary, commencing July 1, 2006,
17 if the state police officers council collective
18 bargaining agreement provides otherwise, then the sick
19 leave accrual provisions under that collective
20 bargaining agreement shall be extended to peace
21 officers employed within the department of public
22 safety and department of natural resources not covered
23 under a collective bargaining agreement."

24 2. Page 5, line 14, by striking the words "An
25 eligible", and inserting the following: "Except as
26 otherwise provided in this section, an eligible".

27 3. By striking page 5, line 27, through page 6,
28 line 34.

29 4. Page 6, line 35, by striking the figure "4."
30 and inserting the following: "3."

31 5. By renumbering as necessary.

By JEFF DANIELSON

S-5041 FILED MARCH 9, 2006

SENATE FILE 2231

S-5079

- 1 Amend Senate File 2231 as follows;
2 1. Page 3, by inserting after line 2 the
3 following:
4 "b. For employees who are peace officers employed
5 within the department of public safety or department
6 of natural resources and who are not covered under a
7 collective bargaining agreement, the rate shall be the
8 same as the rate provided under the state police
9 officers council collective bargaining agreement."
10 2. Page 3, line 3, by striking the word "b." and
11 inserting the following: "c."
12 3. By renumbering as necessary.

By JEFF DANIELSON

S-5079 FILED MARCH 16, 2006

SENATE FILE 2231

S-5090

- 1 Amend Senate File 2231 as follows:
2 1. Page 5, line 31, by striking the words "banked
3 value".
4 2. Page 5, by striking line 32 and inserting the
5 following: "available remaining value of sick leave
6 to be used to pay the".
7 3. Page 6, lines 1 and 2, by striking the words
8 "banked value of eligible accrued" and inserting the
9 following: "available remaining value of".
10 4. Page 6, lines 3 and 4, by striking the words
11 "remaining after" and inserting the following: "prior
12 to".
13 5. Page 6, lines 7 and 8, by striking the words
14 "remaining after" and inserting the following: "prior
15 to".
16 6. Page 6, lines 12 and 13, by striking the words
17 "remaining after" and inserting the following: "prior
18 to".
19 7. Page 6, lines 16 and 17, by striking the words
20 "banked value of eligible accrued" and inserting the
21 following: "available remaining value of".
22 8. Page 6, line 25, by striking the words "banked
23 value of eligible accrued" and inserting the
24 following: "available remaining value of".

By JEFF DANIELSON

S-5090 FILED MARCH 16, 2006

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2231 - Sick Leave Incentive Program (LSB 5360 SV)
Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version - NEW

Description

Senate File 2231 extends the Sick Leave Incentive Program, provided to the American Federation of State County and Municipal Employees (AFSCME) members under their collective bargaining agreement, to certain non-Regent employees in the Executive Branch not covered by a collective bargaining agreement (employee).

Background

The Incentive Program was submitted by the Department of Administrative Services as required by HF 881 (FY 2006 Salary Act).

Currently a full-time employee accrues 12 hours of sick leave per month. The Bill changes the rate that employees accrue sick leave based upon the employee's accrued sick leave balance as follows:

- An employee with a balance of 750 hours or less will accrue 12 hours of sick leave per month.
- An employee with a balance of at least 751 hours and not more than 1,500 hours will accrue eight hours of sick leave per month.
- An employee with a balance of more than 1,500 hours will accrue four hours of sick leave per month.

Currently a full-time employee can convert 12 hours of sick leave to four hours of vacation during any month the employee does not use any sick leave hours. The Bill changes the rate of conversion based upon the employee's sick leave accrual rate as follows:

- If an employee accrues 12 hours per month, the employee could convert 12 hours of sick leave to four hours of vacation.
- If an employee accrues eight hours per month, the employee could convert eight hours of sick leave to four hours of vacation.
- If an employee accrues four hours per month, the employee could convert four hours of sick leave to four hours of vacation.

Currently an employee is entitled to a cash payment of not more than \$2,000 upon retirement, based upon the value of the employee's accrued sick leave balance. The value of the balance is determined by multiplying the employee's accumulated hours times the employee's regular hourly rate.

An employee covered by the Iowa Public Employees' Retirement System (IPERS), that retires, can elect to have the value of the employee's sick leave balance used to pay the State share for the employee's continuation of the State group health insurance coverage, after the deduction for any cash payment. The actual value of the balance that can be used is based upon the number of hours the employee has accrued. The amount that can be used is determined as follows:

- An employee with 750 hours or less of accrued sick leave balance will be able to use 60.0% of the accrued value.

- An employee with an accrued sick leave balance of at least 751 hours and not more than 1,500 hours will be able to use 80.0% of the accrued value.
- An employee with more than 1,500 hours of accrued sick leave balance will be able to use 100.0% of the accrued value.

The use of the value of the accrued sick leave balance continues until the earliest of the following:

- The accrued value is exhausted.
- The employee is eligible for Federal Medicare Program benefits, currently age 65.
- The employee dies.
- The employee is reinstated or reemployed in a permanent full-time or permanent part-time position with State Government. The employee in this case would also forfeit the remaining accrued value.

Assumptions

1. An employee for the purpose of SF 2231 includes only Non-contract Executive Branch employees and excludes the Board of Regents, the Department of Public Safety, and Community Based Corrections employees.
2. Every year 100 of the 1,200 employees' age 55 through ages 64 will retire the first day of each fiscal year.
3. The current State share of health cost for employees is \$8,600 per year.
4. Health costs will increase 8.0% per year.
5. Wages will increase 4.0% per year.
6. Wage increases and retirement rates will reflect the Iowa Public Employers' Retirement System's (IPERS) actuarial methods and assumptions.
7. The average employee that is at least 55 years of age, and not more than 64 years of age, will have an accrued value of \$22,500 in their sick leave balance after the \$2,000 cash payment.
8. All retirees will use and exhaust their accrued sick leave balance value.
9. The typical sick leave value will fund between two and five-years of the State share of group health insurance premiums. The value of some employees' balance will not provide for any payments.
10. The Program will not increase the retirement rate for employees.

Fiscal Impact

Senate File 2231 will increase State expenses for the payment of retirees' health insurance \$474,000 from the General Fund and \$891,000 from all funds in FY 2007 compared to the estimated FY 2006 expenses.

State expenses will increase for the payment of retirees' health insurance a maximum of \$888,000 from the General Fund and \$1.7 million from all funds in FY 2008 compared to the estimated FY 2006 expenses and increase each year due to salary wage increases, the increased cost of health insurance, and as the total number of retirees impacted increases over the next five-years.

The Department of Administrative Services will add 0.5 FTE position within the State Accounting Enterprise and add 0.5 FTE position within the Human Resources Enterprise to administrate the Program for a total annual cost of \$100,000 beginning in FY 2007.

Sources

Department of Management
Department of Administrative Services
Iowa Public Employers' Retirement System (IPERS)

/s/ Holly M. Lyons

March 8, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

SENATE FILE 2231

BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3138)

(AS AMENDED AND PASSED BY THE SENATE MARCH 20, 2006)

- _____ - New Language by the Senate
- * - Language Stricken by the Senate

Passed Senate, Date _____ Passed House, Date 3-29-06
Vote: Ayes _____ Nays _____ Vote: Ayes 98 Nays 0
Approved _____

A BILL FOR

1 An Act concerning accrued sick leave and the conversion of sick
2 leave for state employees.

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

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S.F. 2231

1 Section 1. Section 70A.1, Code 2005, is amended to read as
2 follows:

3 70A.1 SALARIES -- PAYMENT -- VACATIONS -- SICK LEAVE --
4 EDUCATIONAL LEAVE.

5 1. Salaries specifically provided for in an appropriation
6 Act of the general assembly shall be in lieu of existing
7 statutory salaries, for the positions provided for in the Act,
8 and all salaries, including longevity where applicable by
9 express provision in the Code, shall be paid according to the
10 provisions of chapter 91A and shall be in full compensation of
11 all services, including any service on committees, boards,
12 commissions or similar duty for Iowa government, except for
13 members of the general assembly. A state employee on an
14 annual salary shall not be paid for a pay period an amount
15 which exceeds the employee's annual salary transposed into a
16 rate applicable to the pay period by dividing the annual
17 salary by the number of pay periods in the fiscal year.
18 Salaries for state employees covered by the overtime payment
19 provisions of the federal Fair Labor Standards Act shall be
20 established on an hourly basis.

21 2. All employees of the state earn two weeks' vacation per
22 year during the first year of employment and through the
23 fourth year of employment, and three weeks' vacation per year
24 during the fifth and through the eleventh year of employment,
25 and four weeks' vacation per year during the twelfth year
26 through the nineteenth year of employment, and four and four-
27 tenths weeks' vacation per year during the twentieth year
28 through the twenty-fourth year of employment, and five weeks'
29 vacation per year during the twenty-fifth year and all
30 subsequent years of employment, with pay. One week of
31 vacation is equal to the number of hours in the employee's
32 normal work week. Vacation allowances accrue according to
33 chapter 91A as provided by the rules of the department of
34 administrative services. The vacations shall be granted at
35 the discretion and convenience of the head of the department,

1 agency, or commission, except that an employee shall not be
2 granted vacation in excess of the amount earned by the
3 employee. Vacation leave earned under this paragraph
4 subsection shall not be cumulated to an amount in excess of
5 twice the employee's annual rate of accrual. The head of the
6 department, agency, or commission shall make every reasonable
7 effort to schedule vacation leave sufficient to prevent any
8 loss of entitlements.

9 PARAGRAPH DIVIDED. If the employment of an employee of the
10 state is terminated the provisions of chapter 91A relating to
11 the termination apply.

12 If ~~said the~~ termination of employment ~~shall-be~~ is by reason
13 of the death of the employee, ~~such the~~ vacation allowance
14 shall be paid to the estate of the deceased employee if ~~such~~
15 the estate ~~shall-be~~ is opened for probate. If ~~no an~~ estate ~~be~~
16 is not opened, the allowance shall be paid to the surviving
17 spouse, if any, or to the legal heirs if no spouse survives.

18 3. Payments authorized by this section shall be approved
19 by the department subject to rules of the department of
20 administrative services and paid from the appropriation or
21 fund of original certification of the claim.

22 4. Commencing July 1, 1979 Effective July 1, 2006,
23 permanent full-time and permanent part-time employees of state
24 departments, boards, agencies, and commissions, ~~excluding~~
25 ~~employees covered under a collective bargaining agreement~~
26 ~~which provides otherwise,~~ shall accrue sick leave ~~at the rate~~
27 ~~of one and one-half days for each complete month of full-time~~
28 employment as provided in this subsection which shall be
29 credited to the employee's sick leave account. The sick leave
30 accrual rate for part-time employees shall be prorated to the
31 accrual rate for full-time employees. The sick leave accrual
32 rate for each complete month of full-time employment,
33 excluding employees covered under a collective bargaining
34 agreement which provides for a different rate of accrual,
35 shall be as follows:

1 a. For employees of the state board of regents, one and
2 one-half days.

3 b. For employees who are peace officers employed within
4 the department of public safety or department of natural
5 resources and who are not covered under a collective
6 bargaining agreement, the rate shall be the same as the rate
7 provided under the state police officers council collective
8 bargaining agreement.

9 c. For all other employees, the rate shall be as follows:

10 (1) If the employee's accrued sick leave balance is seven
11 hundred fifty hours or less, one and one-half days.

12 (2) If the employee's accrued sick leave balance is one
13 thousand five hundred hours or less but more than seven
14 hundred fifty hours, one day.

15 (3) If the employee's accrued sick leave balance is more
16 than one thousand five hundred hours, one-half day.

17 5. Sick leave shall not accrue during any period of
18 absence without pay. Employees may use accrued sick leave for
19 physical or mental personal illness, bodily injury, medically
20 related disabilities, including disabilities resulting from
21 pregnancy and childbirth, or contagious disease, which result
22 in any of the following:

23 ~~1-~~ a. Which-require-the The employee's confinement, is
24 required.

25 ~~2-~~ b. Which-render-the The employee is rendered unable to
26 perform assigned duties, or.

27 ~~3-~~ c. When The performance of assigned duties would
28 jeopardize the employee's health or recovery.

29 ~~6. Separation-from-state-employment-shall-cancel~~ Except as
30 provided in section 70A.23, all unused accrued sick leave in
31 an employee's sick leave account is canceled upon the

32 employee's separation from state employment. However, if an

33 employee is laid off and the employee is re-employed by any
34 state department, board, agency, or commission within one year
35 of the date of the layoff, accrued sick leave of the employee

1 shall be restored.

2 7. State employees, excluding state board of regents'
3 faculty members with nine-month appointments, and employees
4 covered under a collective bargaining agreement negotiated
5 with the public safety bargaining unit who are eligible for
6 accrued vacation benefits and accrued sick leave benefits, who
7 have accumulated thirty days of sick leave, and who do not use
8 sick leave during a full month of employment may elect to
9 accrue have up to one-half day of additional vacation added to
10 the employee's accrued vacation account. The ~~accrual~~-of
11 additional vacation time by added to an employee employee's
12 accrued vacation account for not using sick leave during a
13 month is in lieu of the accrual of up-to-one-and-one-half-days
14 of sick leave for that month. The amount of additional
15 vacation for part-time employees shall be prorated to the
16 amount of additional vacation authorized for full-time
17 employees. The director of the department of administrative
18 services may adopt the necessary rules and procedures for the
19 implementation of this program for all state employees except
20 employees of the state board of regents. The state board of
21 regents may adopt necessary rules for the implementation of
22 this program for its employees.

23 8. The head of any department, agency, or commission,
24 subject to rules of the department of administrative services,
25 may grant an educational leave to employees for whom the head
26 of the department, agency, or commission is responsible
27 pursuant to section 70A.25 and funds appropriated by the
28 general assembly may be used for this purpose. The head of
29 the department, agency, or commission shall notify the
30 legislative council and the director of the department of
31 administrative services of all educational leaves granted
32 within fifteen days of the granting of the educational leave.
33 If the head of a department, agency, or commission fails to
34 notify the legislative council and the director of the
35 department of administrative services of an educational leave,

1 the expenditure of funds appropriated by the general assembly
2 for the educational leave shall not be allowed.

3 9. A specific annual salary rate or annual salary
4 adjustment commencing with a fiscal year shall commence on
5 July 1 except that if a pay period overlaps two fiscal years,
6 a specific annual salary rate or annual salary adjustment
7 shall commence with the first day of a pay period as specified
8 by the general assembly.

9 Sec. 2. Section 70A.23, Code 2005, is amended by striking
10 the section and inserting in lieu thereof the following:

11 70A.23 CREDIT FOR ACCRUED SICK LEAVE.

12 1. For purposes of this section:

13 a. "Eligible retirement system" means a retirement system
14 authorized under chapter 97A or 97B, including the teachers
15 insurance and annuity association-college retirement equities
16 fund (TIAA-CREF).

17 b. "Eligible state employee" means a state employee
18 eligible to receive retirement benefits under an eligible
19 retirement system.

20 2. An eligible state employee, excluding an employee
21 covered under a collective bargaining agreement which provides
22 otherwise, who retires and has applied for retirement benefits
23 under an eligible retirement system, or who dies while in
24 active employment, shall be credited with the number of
25 accrued days of sick leave of the employee. The employee, or
26 the employee's estate, shall receive a cash payment of the
27 monetary value of the employee's accrued sick leave balance,
28 not to exceed two thousand dollars. The value of the
29 employee's accrued sick leave balance shall be calculated by
30 multiplying the number of hours of accrued sick leave by the
31 employee's regular hourly rate of pay at the time of
32 retirement.

33 3. a. An eligible state employee, excluding an employee
34 covered under a collective bargaining agreement which provides
35 otherwise or an employee of the state board of regents, who

1 retires and receives a payment as provided in subsection 2
* 2 shall be entitled to elect to have the employee's available
3 remaining value of sick leave to be used to pay the state
4 share for the employee's continuation of state group health
5 insurance coverage pursuant to the requirements of this
6 subsection.

7 b. An eligible state employee's available remaining value
8 of sick leave shall be calculated as follows:

9 (1) If the employee's accrued sick leave balance prior to
10 payment as provided in subsection 2 is seven hundred fifty
11 hours or less, sixty percent of the value of the remaining
12 accrued sick leave balance.

13 (2) If the employee's accrued sick leave balance prior to
14 payment as provided in subsection 2 is one thousand five
15 hundred hours or less but more than seven hundred fifty hours,
16 eighty percent of the value of the remaining accrued sick
17 leave balance.

18 (3) If the employee's accrued sick leave balance prior to
19 payment as provided in subsection 2 is more than one thousand
20 five hundred hours, one hundred percent of the value of the
21 remaining accrued sick leave balance.

22 c. An eligible state employee's available remaining value
23 of sick leave shall be available to pay for that portion of
24 the employee's state group health insurance premium that would
25 otherwise be paid for by the state if the employee were still
26 a state employee. The benefits provided for in this
27 subsection have no cash value and are not transferable to any
28 other person, including the retiree's spouse. Payment of
29 state group health insurance premiums pursuant to this
30 subsection continues until the earliest of when the eligible
31 state employee's available remaining value of sick leave is
32 exhausted, the employee otherwise becomes eligible for federal
33 Medicare program benefits, or the employee dies. In addition,
34 an employee electing benefits pursuant to this subsection who
35 is reinstated or reemployed in a permanent full-time or

1 permanent part-time position within state government forfeits
2 any remaining benefits for payment of state group health
3 insurance benefits, and such employee is not eligible for
4 restoration of the unused sick leave accrued during the
5 employee's prior employment with the state.

6 4. Notwithstanding any provision of this section to the
7 contrary, peace officers employed within the department of
8 public safety and the department of natural resources that are
9 not covered under a collective bargaining agreement shall have
10 a sick leave conversion program extended to them that is
11 equivalent to the sick leave conversion program negotiated
12 under chapter 20 between the state and the state police
13 officers council labor union for peace officers. In addition,
14 an employee of the department of public safety or the
15 department of natural resources who has earned benefits of
16 payment of premiums under a collective bargaining agreement
17 and who becomes a manager or supervisor and is no longer
18 covered by the agreement shall not lose the benefits of
19 payment of premiums earned while covered by the agreement.
20 The payment shall be calculated by multiplying the number of
21 hours of accumulated, unused sick leave by the employee's
22 hourly rate of pay at the time of retirement.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2231 - Sick Leave Incentive Program (LSB 5360 SV.1)
Analyst: Ron Robinson (Phone: [515] 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version – As Amended and Passed by the Senate

Description

Senate File 2231, as Amended and Passed by the Senate, extends the Sick Leave Incentive Program provided to the American Federation of State County and Municipal Employees (AFSCME) members under their collective bargaining agreement, to certain non-Regent employees in the Executive Branch not covered by a collective bargaining agreement (employee). An employee for the purpose of SF 2231 includes only Non-contract Executive Branch employees and excludes the Board of Regents, and Community Based Corrections employees. Peace Officers employed by the Department of Public Safety, and the Department of Natural Resources, not covered by a collective bargaining agreement, will have extended to them the same program as provided under the contract with the State Peace Officers' Council.

Under the Bill, as Amended, an employee covered by the Iowa Public Employees' Retirement System (IPERS) or the Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS), who retires, can elect to have the value of the employee's sick leave balance used to pay the State share for the employee's continuation of the State group health insurance coverage, after the deduction for any cash payment. The cash payment is made after the calculation of the percentage of the accrued value that may be used. The actual value of the balance that can be used is based upon the number of hours the employee has accrued. The amount that can be used is determined as follows:

- An employee with 750 hours or less of accrued sick leave balance will be able to use 60.0% of the accrued value.
- An employee with an accrued sick leave balance of at least 751 hours and not more than 1,500 hours will be able to use 80.0% of the accrued value.
- An employee with more than 1,500 hours of accrued sick leave balance will be able to use 100.0% of the accrued value.

The use of the value of the accrued sick leave balance continues until the earliest of the following:

- The accrued value is exhausted.
- The employee is eligible for Federal Medicare Program benefits, currently age 65.
- The employee dies.
- The employee is reinstated or reemployed in a permanent full-time or permanent part-time position with State Government. The employee in this case would also forfeit the remaining accrued value.

Background

The Incentive Program was submitted by the Department of Administrative Services as required by HF 881 (FY 2006 Salary Act).

Currently a full-time employee accrues 12 hours of sick leave per month. The Bill changes the rate that employees accrue sick leave based upon the employee's accrued sick leave balance as follows:

- An employee with a balance of 750 hours or less will accrue 12 hours of sick leave per month.
- An employee with a balance of at least 751 hours and not more than 1,500 hours will accrue eight hours of sick leave per month.
- An employee with a balance of more than 1,500 hours will accrue four hours of sick leave per month.

Currently a full-time employee can convert 12 hours of sick leave to four hours of vacation during any month the employee does not use any sick leave hours. The Bill changes the rate of conversion based upon the employee's sick leave accrual rate as follows:

- If an employee accrues 12 hours per month, the employee could convert 12 hours of sick leave to four hours of vacation.
- If an employee accrues eight hours per month, the employee could convert eight hours of sick leave to four hours of vacation.
- If an employee accrues four hours per month, the employee could convert four hours of sick leave to four hours of vacation.

Currently an employee is entitled to a cash payment of not more than \$2,000 upon retirement, based upon the value of the employee's accrued sick leave balance. The value of the balance is determined by multiplying the employee's accumulated hours times the employee's regular hourly rate.

Currently a peace officer supervisor not covered under the current collective bargaining agreement is permitted to use the value of the sick leave balance accumulated while in a contract covered position for the purchase of health insurance. There are approximately 100 peace officer supervisors not covered under a collective bargaining agreement. The Bill will permit them to use any sick leave value accumulated while in a non-contract covered position to be used for the same purpose.

Assumptions

1. Every year 100 of the 1,200 employees' age 55 through ages 64 will retire the first day of each fiscal year.
2. The average peace officer supervisor not covered under a collective bargaining agreement will have accumulated, while in a contract covered position, a sick leave balance value sufficient to purchase approximately six years of health insurance, and the Bill will permit the average officer to accumulate just over one additional year of coverage.
3. The current State share of health cost for employees is \$8,600 per year.
4. Health costs will increase 8.0% per year.
5. Wages will increase 4.0% per year.
6. Wage increases and retirement rates will reflect the Iowa Public Employers' Retirement System's (IPERS) actuarial methods and assumptions.
7. The average employee that is at least 55 years of age, and not more than 64 years of age, will have an accrued value of \$22,300 in their sick leave balance after the \$2,000 cash payment.

8. All retirees will use and exhaust their accrued sick leave balance value.
9. The typical sick leave value will fund between two and five years of the State share of group health insurance premiums. The value of some employees' balance will not provide for any payments.
10. The Program will not increase the retirement rate for employees.

Fiscal Impact

Senate File 2231, as Amended, will increase State expenses for the payment of retirees' health insurance \$474,000 from the General Fund and \$891,000 from all funds in FY 2007 compared to the estimated FY 2006 expenses.

State expenses will increase for the payment of retirees' health insurance a maximum of \$860,000 from the General Fund and \$1.6 million from all funds in FY 2008 compared to the estimated FY 2006 expenses and increase each year due to salary wage increases, the increased cost of health insurance, and as the total number of retirees impacted increases over the next five years.

Senate File 2231, as Amended, will not have a fiscal impact on the Department of Public Safety or the Department of Natural Resources for non-contract covered peace officers until an officer's sick leave value accumulated while in a contract covered position has been exhausted.

Sources

Department of Management
Department of Administrative Services
Iowa Public Employers' Retirement System (IPERS)
Department of Public Safety

/s/ Holly M. Lyons

March 22, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Danielson co-chair
Zeman co-chair
Hatch
Ward

SSB#3138

State Government
Succeeded By

SENATE/HOUSE FILE

OHF 2231

BY (PROPOSED DEPARTMENT OF
ADMINISTRATIVE SERVICES
BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act concerning accrued sick leave and the conversion of sick
2 leave for state employees.

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

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TLSB 5360DP 81

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1 Section 1. Section 70A.1, Code 2005, is amended to read as
2 follows:

3 70A.1 SALARIES -- PAYMENT -- VACATIONS -- SICK LEAVE --
4 EDUCATIONAL LEAVE.

5 1. Salaries specifically provided for in an appropriation
6 Act of the general assembly shall be in lieu of existing
7 statutory salaries, for the positions provided for in the Act,
8 and all salaries, including longevity where applicable by
9 express provision in the Code, shall be paid according to the
10 provisions of chapter 91A and shall be in full compensation of
11 all services, including any service on committees, boards,
12 commissions or similar duty for Iowa government, except for
13 members of the general assembly. A state employee on an
14 annual salary shall not be paid for a pay period an amount
15 which exceeds the employee's annual salary transposed into a
16 rate applicable to the pay period by dividing the annual
17 salary by the number of pay periods in the fiscal year.
18 Salaries for state employees covered by the overtime payment
19 provisions of the federal Fair Labor Standards Act shall be
20 established on an hourly basis.

21 2. All employees of the state earn two weeks' vacation per
22 year during the first year of employment and through the
23 fourth year of employment, and three weeks' vacation per year
24 during the fifth and through the eleventh year of employment,
25 and four weeks' vacation per year during the twelfth year
26 through the nineteenth year of employment, and four and four-
27 tenths weeks' vacation per year during the twentieth year
28 through the twenty-fourth year of employment, and five weeks'
29 vacation per year during the twenty-fifth year and all
30 subsequent years of employment, with pay. One week of
31 vacation is equal to the number of hours in the employee's
32 normal work week. Vacation allowances accrue according to
33 chapter 91A as provided by the rules of the department of
34 administrative services. The vacations shall be granted at
35 the discretion and convenience of the head of the department,

1 agency, or commission, except that an employee shall not be
2 granted vacation in excess of the amount earned by the
3 employee. Vacation leave earned under this paragraph
4 subsection shall not be cumulated to an amount in excess of
5 twice the employee's annual rate of accrual. The head of the
6 department, agency, or commission shall make every reasonable
7 effort to schedule vacation leave sufficient to prevent any
8 loss of entitlements.

9 PARAGRAPH DIVIDED. If the employment of an employee of the
10 state is terminated the provisions of chapter 91A relating to
11 the termination apply.

12 If ~~said~~ the termination of employment ~~shall-be~~ is by reason
13 of the death of the employee, ~~such~~ the vacation allowance
14 shall be paid to the estate of the deceased employee if such
15 ~~the~~ estate shall-be is opened for probate. If ~~no~~ an estate ~~be~~
16 is not opened, the allowance shall be paid to the surviving
17 spouse, if any, or to the legal heirs if no spouse survives.

18 3. Payments authorized by this section shall be approved
19 by the department subject to rules of the department of
20 administrative services and paid from the appropriation or
21 fund of original certification of the claim.

22 4. Commencing July 1, 1979 Effective July 1, 2006,
23 permanent full-time and permanent part-time employees of state
24 departments, boards, agencies, and commissions, ~~excluding~~
25 ~~employees covered under a collective bargaining agreement~~
26 ~~which provides otherwise,~~ shall accrue sick leave ~~at the rate~~
27 ~~of one and one-half days for each complete month of full-time~~
28 employment as provided in this subsection which shall be
29 credited to the employee's sick leave account. The sick leave
30 accrual rate for part-time employees shall be prorated to the
31 accrual rate for full-time employees. The sick leave accrual
32 rate for each complete month of full-time employment,
33 excluding employees covered under a collective bargaining
34 agreement which provides for a different rate of accrual,
35 shall be as follows:

1 a. For employees of the state board of regents, one and
2 one-half days.

3 b. For all other employees, the rate shall be as follows:

4 (1) If the employee's accrued sick leave balance is seven
5 hundred fifty hours or less, one and one-half days.

6 (2) If the employee's accrued sick leave balance is one
7 thousand five hundred hours or less but more than seven
8 hundred fifty hours, one day.

9 (3) If the employee's accrued sick leave balance is more
10 than one thousand five hundred hours, one-half day.

11 5. Sick leave shall not accrue during any period of
12 absence without pay. Employees may use accrued sick leave for
13 physical or mental personal illness, bodily injury, medically
14 related disabilities, including disabilities resulting from
15 pregnancy and childbirth, or contagious disease, which result
16 in any of the following:

17 ~~1-~~ a. Which-require-the The employee's confinement, is
18 required.

19 ~~2-~~ b. Which-render-the The employee is rendered unable to
20 perform assigned duties, or.

21 ~~3-~~ c. When The performance of assigned duties would
22 jeopardize the employee's health or recovery.

23 ~~6. Separation-from-state-employment-shall-cancel~~ Except as
24 provided in section 70A.23, all unused accrued sick leave in
25 an employee's sick leave account is canceled upon the
26 employee's separation from state employment. However, if an
27 employee is laid off and the employee is re-employed by any
28 state department, board, agency, or commission within one year
29 of the date of the layoff, accrued sick leave of the employee
30 shall be restored.

31 7. State employees, excluding state board of regents'
32 faculty members with nine-month appointments, and employees
33 covered under a collective bargaining agreement negotiated
34 with the public safety bargaining unit who are eligible for
35 accrued vacation benefits and accrued sick leave benefits, who

1 have accumulated thirty days of sick leave, and who do not use
2 sick leave during a full month of employment may elect to
3 accrue have up to one-half day of additional vacation added to
4 the employee's accrued vacation account. The accrual-of
5 additional vacation time by added to an employee employee's
6 accrued vacation account for not using sick leave during a
7 month is in lieu of the accrual of up-to-one-and-one-half-days
8 of sick leave for that month. The amount of additional
9 vacation for part-time employees shall be prorated to the
10 amount of additional vacation authorized for full-time
11 employees. The director of the department of administrative
12 services may adopt the necessary rules and procedures for the
13 implementation of this program for all state employees except
14 employees of the state board of regents. The state board of
15 regents may adopt necessary rules for the implementation of
16 this program for its employees.

17 8. The head of any department, agency, or commission,
18 subject to rules of the department of administrative services,
19 may grant an educational leave to employees for whom the head
20 of the department, agency, or commission is responsible
21 pursuant to section 70A.25 and funds appropriated by the
22 general assembly may be used for this purpose. The head of
23 the department, agency, or commission shall notify the
24 legislative council and the director of the department of
25 administrative services of all educational leaves granted
26 within fifteen days of the granting of the educational leave.
27 If the head of a department, agency, or commission fails to
28 notify the legislative council and the director of the
29 department of administrative services of an educational leave,
30 the expenditure of funds appropriated by the general assembly
31 for the educational leave shall not be allowed.

32 9. A specific annual salary rate or annual salary
33 adjustment commencing with a fiscal year shall commence on
34 July 1 except that if a pay period overlaps two fiscal years,
35 a specific annual salary rate or annual salary adjustment

1 shall commence with the first day of a pay period as specified
2 by the general assembly.

3 Sec. 2. Section 70A.23, Code 2005, is amended by striking
4 the section and inserting in lieu thereof the following:

5 70A.23 CREDIT FOR ACCRUED SICK LEAVE.

6 1. For purposes of this section:

7 a. "Eligible retirement system" means a retirement system
8 authorized under chapter 97A or 97B, including the teachers
9 insurance and annuity association-college retirement equities
10 fund (TIAA-CREF).

11 b. "Eligible state employee" means a state employee
12 eligible to receive retirement benefits under an eligible
13 retirement system.

14 2. An eligible state employee, excluding an employee
15 covered under a collective bargaining agreement which provides
16 otherwise, who retires and has applied for retirement benefits
17 under an eligible retirement system, or who dies while in
18 active employment, shall be credited with the number of
19 accrued days of sick leave of the employee. The employee, or
20 the employee's estate, shall receive a cash payment of the
21 monetary value of the employee's accrued sick leave balance,
22 not to exceed two thousand dollars. The value of the
23 employee's accrued sick leave balance shall be calculated by
24 multiplying the number of hours of accrued sick leave by the
25 employee's regular hourly rate of pay at the time of
26 retirement.

27 3. a. An eligible state employee, excluding an employee
28 covered under a collective bargaining agreement which provides
29 otherwise or an employee of the state board of regents, who
30 retires and receives a payment as provided in subsection 2
31 shall be entitled to elect to have the employee's banked value
32 of eligible accrued sick leave available to be used to pay the
33 state share for the employee's continuation of state group
34 health insurance coverage pursuant to the requirements of this
35 subsection.

1 b. An eligible state employee's banked value of eligible
2 accrued sick leave shall be calculated as follows:

3 (1) If the employee's accrued sick leave balance remaining
4 after payment as provided in subsection 2 is seven hundred
5 fifty hours or less, sixty percent of the value of the
6 remaining accrued sick leave balance.

7 (2) If the employee's accrued sick leave balance remaining
8 after payment as provided in subsection 2 is one thousand five
9 hundred hours or less but more than seven hundred fifty hours,
10 eighty percent of the value of the remaining accrued sick
11 leave balance.

12 (3) If the employee's accrued sick leave balance remaining
13 after payment as provided in subsection 2 is more than one
14 thousand five hundred hours, one hundred percent of the value
15 of the remaining accrued sick leave balance.

16 c. An eligible state employee's banked value of eligible
17 accrued sick leave shall be available to pay for that portion
18 of the employee's state group health insurance premium that
19 would otherwise be paid for by the state if the employee were
20 still a state employee. The benefits provided for in this
21 subsection have no cash value and are not transferable to any
22 other person, including the retiree's spouse. Payment of
23 state group health insurance premiums pursuant to this
24 subsection continues until the earliest of when the eligible
25 state employee's banked value of eligible accrued sick leave
26 is exhausted, the employee otherwise becomes eligible for
27 federal Medicare program benefits, or the employee dies. In
28 addition, an employee electing benefits pursuant to this
29 subsection who is reinstated or reemployed in a permanent
30 full-time or permanent part-time position within state
31 government forfeits any remaining benefits for payment of
32 state group health insurance benefits, and such employee is
33 not eligible for restoration of the unused sick leave accrued
34 during the employee's prior employment with the state.

35 4. Notwithstanding any provision of this section to the

1 contrary, peace officers employed within the department of
2 public safety and the department of natural resources that are
3 not covered under a collective bargaining agreement shall have
4 a sick leave conversion program extended to them that is
5 equivalent to the sick leave conversion program negotiated
6 under chapter 20 between the state and the state police
7 officers council labor union for peace officers. In addition,
8 an employee of the department of public safety or the
9 department of natural resources who has earned benefits of
10 payment of premiums under a collective bargaining agreement
11 and who becomes a manager or supervisor and is no longer
12 covered by the agreement shall not lose the benefits of
13 payment of premiums earned while covered by the agreement.
14 The payment shall be calculated by multiplying the number of
15 hours of accumulated, unused sick leave by the employee's
16 hourly rate of pay at the time of retirement.

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EXPLANATION

18 This bill is submitted by the department of administrative
19 services pursuant to 2005 Iowa Acts, chapter 177, section 12.
20 That Act required the department to submit proposed changes to
21 the Code and administrative rules to the general assembly that
22 are necessary to implement the sick leave conversion program
23 provided by that Act.

24 The bill makes changes to the accrual rate of sick leave
25 for non-board of regents state employees not covered by a
26 collective bargaining agreement and also provides that these
27 employees are eligible, if otherwise qualified, to participate
28 in a sick leave conversion program that allows them to use a
29 portion of their accrued sick leave upon retirement for
30 payment of state group health insurance premiums.

31 The sick leave accrual provisions of Code section 70A.1 are
32 amended by the bill. The bill provides that state employees,
33 excluding employees covered under a collective bargaining
34 agreement which provides otherwise and employees of the state
35 board of regents, shall accrue sick leave at a rate dependent

1 on the number of hours of sick leave the employee has accrued.
2 If the employee has accrued 750 hours or less, the employee
3 accrues one and one-half days of sick leave per month. If the
4 employee has accrued 1,500 hours or less, but more than 750
5 hours, the employee accrues one day of sick leave per month.
6 If the employee has accrued more than 1,500 hours, the
7 employee accrues one-half day of sick leave per month. Under
8 current law, which is still applicable to employees of the
9 state board of regents, employees accrue one and one-half days
10 of sick leave per month regardless of the employee's accrued
11 sick leave amount.

12 Code section 70A.23, concerning the credit for accrued sick
13 leave, is amended by the bill. That section currently
14 provides, and remains unchanged by the bill, that state
15 employees, excluding employees covered under a collective
16 bargaining agreement which provides otherwise, who retire or
17 are eligible to retire and die while in active employment can
18 receive a cash payment of up to \$2,000 for their unused sick
19 leave. The bill provides that eligible state employees,
20 excluding employees covered under a collective bargaining
21 agreement which provides otherwise and employees of the state
22 board of regents, may participate in a sick leave conversion
23 program. The program allows eligible state employees who
24 retire and continue state group health insurance coverage to
25 use a portion of the employee's accrued sick leave to pay that
26 portion of the employee's health insurance premium that would
27 otherwise be paid for by the state if the employee were still
28 a state employee. The portion available to be used to pay
29 premiums is calculated dependent on the number of hours of
30 accrued sick leave the employee has accrued and not used to
31 provide the \$2,000 cash payment. If the employee has
32 remaining unused accrued sick leave of 750 hours or less, the
33 employee receives 60 percent of the remaining accrued sick
34 leave balance for payment of premiums. If the employee has
35 remaining unused accrued sick leave of 1,500 hours or less,

1 but more than 750 hours, the employee receives 80 percent of
2 the remaining accrued sick leave balance for payment of
3 premiums. If the employee has remaining unused accrued sick
4 leave of more than 1,500 hours, the employee receives 100
5 percent of the remaining accrued sick leave balance for
6 payment of premiums. The payment of premiums from accrued
7 sick leave continues until the balance of the employee's
8 banked value of eligible accrued sick leave is exhausted, the
9 retiree otherwise becomes eligible for Medicare, or the
10 employee dies. In addition, the bill provides that if such an
11 employee returns to permanent full-time or part-time state
12 employment, any unused sick leave balances are forfeited and
13 the employee is not eligible for restoration of the unused
14 sick leave accrued during the prior state employment.

15 Finally, the bill provides that peace officers employed
16 within the department of public safety and the department of
17 natural resources that are not covered under a collective
18 bargaining agreement shall have a sick leave conversion
19 program extended to them that is equivalent to the sick leave
20 conversion program negotiated under Code chapter 20 between
21 the state and the state police officers council labor union
22 for peace officers.

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SENATE FILE 2231

AN ACT

CONCERNING ACCRUED SICK LEAVE AND THE CONVERSION OF SICK LEAVE
FOR STATE EMPLOYEES.

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

Section 1. Section 70A.1, Code 2005, is amended to read as follows:

70A.1 SALARIES -- PAYMENT -- VACATIONS -- SICK LEAVE --
EDUCATIONAL LEAVE.

1. Salaries specifically provided for in an appropriation Act of the general assembly shall be in lieu of existing statutory salaries, for the positions provided for in the Act, and all salaries, including longevity where applicable by express provision in the Code, shall be paid according to the provisions of chapter 91A and shall be in full compensation of all services, including any service on committees, boards, commissions or similar duty for Iowa government, except for members of the general assembly. A state employee on an annual salary shall not be paid for a pay period an amount which exceeds the employee's annual salary transposed into a

rate applicable to the pay period by dividing the annual salary by the number of pay periods in the fiscal year. Salaries for state employees covered by the overtime payment provisions of the federal Fair Labor Standards Act shall be established on an hourly basis.

2. All employees of the state earn two weeks' vacation per year during the first year of employment and through the fourth year of employment, and three weeks' vacation per year during the fifth and through the eleventh year of employment, and four weeks' vacation per year during the twelfth year through the nineteenth year of employment, and four and four-tenths weeks' vacation per year during the twentieth year through the twenty-fourth year of employment, and five weeks' vacation per year during the twenty-fifth year and all subsequent years of employment, with pay. One week of vacation is equal to the number of hours in the employee's normal work week. Vacation allowances accrue according to chapter 91A as provided by the rules of the department of administrative services. The vacations shall be granted at the discretion and convenience of the head of the department, agency, or commission, except that an employee shall not be granted vacation in excess of the amount earned by the employee. Vacation leave earned under this paragraph subsection shall not be cumulated to an amount in excess of twice the employee's annual rate of accrual. The head of the department, agency, or commission shall make every reasonable effort to schedule vacation leave sufficient to prevent any loss of entitlements.

PARAGRAPH DIVIDED. If the employment of an employee of the state is terminated the provisions of chapter 91A relating to the termination apply.

If ~~said~~ the termination of employment ~~shall-be~~ is by reason of the death of the employee, ~~such~~ the vacation allowance shall be paid to the estate of the deceased employee if ~~such~~ the estate ~~shall-be~~ is opened for probate. If no an estate be

is not opened, the allowance shall be paid to the surviving spouse, if any, or to the legal heirs if no spouse survives.

3. Payments authorized by this section shall be approved by the department subject to rules of the department of administrative services and paid from the appropriation or fund of original certification of the claim.

4. ~~Commencing July 1, 1979~~ Effective July 1, 2006, permanent full-time and permanent part-time employees of state departments, boards, agencies, and commissions, ~~excluding employees covered under a collective bargaining agreement which provides otherwise,~~ shall accrue sick leave ~~at the rate of one and one-half days for each complete month of full-time employment as provided in this subsection which shall be credited to the employee's sick leave account.~~ The sick leave accrual rate for part-time employees shall be prorated to the accrual rate for full-time employees. The sick leave accrual rate for each complete month of full-time employment, excluding employees covered under a collective bargaining agreement which provides for a different rate of accrual, shall be as follows:

a. For employees of the state board of regents, one and one-half days.

b. For employees who are peace officers employed within the department of public safety or department of natural resources and who are not covered under a collective bargaining agreement, the rate shall be the same as the rate provided under the state police officers council collective bargaining agreement.

c. For all other employees, the rate shall be as follows:

(1) If the employee's accrued sick leave balance is seven hundred fifty hours or less, one and one-half days.

(2) If the employee's accrued sick leave balance is one thousand five hundred hours or less but more than seven hundred fifty hours, one day.

(3) If the employee's accrued sick leave balance is more than one thousand five hundred hours, one-half day.

5. Sick leave shall not accrue during any period of absence without pay. Employees may use accrued sick leave for physical or mental personal illness, bodily injury, medically related disabilities, including disabilities resulting from pregnancy and childbirth, or contagious disease, which result in any of the following:

1- ~~a. Which require the~~ The employee's confinement, is required.

2- ~~b. Which render the~~ The employee is rendered unable to perform assigned duties, ~~or,~~

3- ~~c. When the~~ performance of assigned duties would jeopardize the employee's health or recovery.

6. ~~Separation from state employment shall cancel~~ Except as provided in section 70A.23, all unused accrued sick leave in an employee's sick leave account is canceled upon the employee's separation from state employment. However, if an employee is laid off and the employee is re-employed by any state department, board, agency, or commission within one year of the date of the layoff, accrued sick leave of the employee shall be restored.

7. State employees, excluding state board of regents' faculty members with nine-month appointments, and employees covered under a collective bargaining agreement negotiated with the public safety bargaining unit who are eligible for accrued vacation benefits and accrued sick leave benefits, who have accumulated thirty days of sick leave, and who do not use sick leave during a full month of employment may elect to accrue have up to one-half day of additional vacation added to the employee's accrued vacation account. The ~~accrual of~~ additional vacation time by added to an employee's ~~employee's~~ accrued vacation account for not using sick leave during a month is in lieu of the accrual of up to one and one-half days of sick leave for that month. The amount of additional

vacation for part-time employees shall be prorated to the amount of additional vacation authorized for full-time employees. The director of the department of administrative services may adopt the necessary rules and procedures for the implementation of this program for all state employees except employees of the state board of regents. The state board of regents may adopt necessary rules for the implementation of this program for its employees.

8. The head of any department, agency, or commission, subject to rules of the department of administrative services, may grant an educational leave to employees for whom the head of the department, agency, or commission is responsible pursuant to section 70A.25 and funds appropriated by the general assembly may be used for this purpose. The head of the department, agency, or commission shall notify the legislative council and the director of the department of administrative services of all educational leaves granted within fifteen days of the granting of the educational leave. If the head of a department, agency, or commission fails to notify the legislative council and the director of the department of administrative services of an educational leave, the expenditure of funds appropriated by the general assembly for the educational leave shall not be allowed.

9. A specific annual salary rate or annual salary adjustment commencing with a fiscal year shall commence on July 1 except that if a pay period overlaps two fiscal years, a specific annual salary rate or annual salary adjustment shall commence with the first day of a pay period as specified by the general assembly.

Sec. 2. Section 70A.23, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

70A.23 CREDIT FOR ACCRUED SICK LEAVE.

1. For purposes of this section:

a. "Eligible retirement system" means a retirement system authorized under chapter 97A or 97B, including the teachers

insurance and annuity association-college retirement equities fund (TIAA-CREF).

b. "Eligible state employee" means a state employee eligible to receive retirement benefits under an eligible retirement system.

2. An eligible state employee, excluding an employee covered under a collective bargaining agreement which provides otherwise, who retires and has applied for retirement benefits under an eligible retirement system, or who dies while in active employment, shall be credited with the number of accrued days of sick leave of the employee. The employee, or the employee's estate, shall receive a cash payment of the monetary value of the employee's accrued sick leave balance, not to exceed two thousand dollars. The value of the employee's accrued sick leave balance shall be calculated by multiplying the number of hours of accrued sick leave by the employee's regular hourly rate of pay at the time of retirement.

3. a. An eligible state employee, excluding an employee covered under a collective bargaining agreement which provides otherwise or an employee of the state board of regents, who retires and receives a payment as provided in subsection 2 shall be entitled to elect to have the employee's available remaining value of sick leave to be used to pay the state share for the employee's continuation of state group health insurance coverage pursuant to the requirements of this subsection.

b. An eligible state employee's available remaining value of sick leave shall be calculated as follows:

(1) If the employee's accrued sick leave balance prior to payment as provided in subsection 2 is seven hundred fifty hours or less, sixty percent of the value of the remaining accrued sick leave balance.

(2) If the employee's accrued sick leave balance prior to payment as provided in subsection 2 is one thousand five

hundred hours or less but more than seven hundred fifty hours, eighty percent of the value of the remaining accrued sick leave balance.

(3) If the employee's accrued sick leave balance prior to payment as provided in subsection 2 is more than one thousand five hundred hours, one hundred percent of the value of the remaining accrued sick leave balance.

c. An eligible state employee's available remaining value of sick leave shall be available to pay for that portion of the employee's state group health insurance premium that would otherwise be paid for by the state if the employee were still a state employee. The benefits provided for in this subsection have no cash value and are not transferable to any other person, including the retiree's spouse. Payment of state group health insurance premiums pursuant to this subsection continues until the earliest of when the eligible state employee's available remaining value of sick leave is exhausted, the employee otherwise becomes eligible for federal Medicare program benefits, or the employee dies. In addition, an employee electing benefits pursuant to this subsection who is reinstated or reemployed in a permanent full-time or permanent part-time position within state government forfeits any remaining benefits for payment of state group health insurance benefits, and such employee is not eligible for restoration of the unused sick leave accrued during the employee's prior employment with the state.

4. Notwithstanding any provision of this section to the contrary, peace officers employed within the department of public safety and the department of natural resources that are not covered under a collective bargaining agreement shall have a sick leave conversion program extended to them that is equivalent to the sick leave conversion program negotiated under chapter 20 between the state and the state police officers council labor union for peace officers. In addition, an employee of the department of public safety or the

department of natural resources who has earned benefits of payment of premiums under a collective bargaining agreement and who becomes a manager or supervisor and is no longer covered by the agreement shall not lose the benefits of payment of premiums earned while covered by the agreement. The payment shall be calculated by multiplying the number of hours of accumulated, unused sick leave by the employee's hourly rate of pay at the time of retirement.

JEFFREY M. LAMBERTI
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2231, Eighty-first General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2006

THOMAS J. VILSACK
Governor