

Regulatory Analysis

Notice of Intended Action to be published: 545—Chapter 4
“Employee Benefits”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 384
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 384

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

August 1, 2025	Room G14
11 a.m.	1007 East Grand Avenue
	Des Moines, Iowa

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Management no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Department of Management
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Des Moines, Iowa 50319
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Purpose and Summary

The City Finance Committee proposes to rescind and repromulgate Chapter 4 of its rules addressing employee benefits. The existing rules are being updated in accordance with Executive Order 10. The rules address basic obligations concerning allowable employee benefits and establish the requirement that employee benefits be in the city budget.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• **Classes of persons that will bear the costs of the proposed rulemaking:**

This proposed chapter simply establishes the obligation on cities to have city employee benefits in the city budget, which provides greater visibility to the taxpayer of such things. As such, there are no additional costs associated with the proposed chapter.

• **Classes of persons that will benefit from the proposed rulemaking:**

Citizens benefit from the greater availability of information concerning the employee benefits paid to city employees.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

• **Quantitative description of impact:**

The only costs of complying with the proposed chapter are the same that would apply under the existing chapter—the costs to the city of compliance, which is essentially calculation and reporting and which would need to be done in other contexts in the absence of this proposed chapter.

- **Qualitative description of impact:**

As it does today, the proposed chapter has a qualitative impact on city residents by giving citizens greater access to data, thus ensuring transparency.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are no anticipated additional costs to be borne by an agency or the State government in general.

- **Anticipated effect on State revenues:**

Ensuring compliance with this obligation does not impact State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Inaction is impermissible because the Committee must comply with Executive Order 10. Not defining employee benefits would be problematic because cities would define the term themselves, resulting in different interpretations and varying levels of reporting within city budgets.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The only other method available of defining the employee benefits concept and imposing on cities the duty of reporting employee benefits within the cities' budgets would be a statutory change, which would be up to the General Assembly.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

No other alternative approaches were considered because no other alternatives are viable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The only other viable alternative would be a statutory change, which would need to be addressed by the General Assembly.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

- Establish performance standards to replace design or operational standards in the rulemaking for small business.

- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking has no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 545—Chapter 4 and adopt the following new chapter in lieu thereof:

CHAPTER 4
EMPLOYEE BENEFITS

545—4.1(384) Definition. Employee benefits are defined as and limited to the following:

1. Employer's share of Federal Insurance Contribution Act (FICA).
2. Employer's share of Iowa Public Employees' Retirement System (IPERS).
3. Employer's share of police and fire retirement systems.
4. Employer's share of medical payments under Iowa Code chapters 410 and 411.
5. Retiree hospital/medical/prescription benefits pursuant to Iowa Code section 364.25.
6. Workers' compensation costs or insurance premiums.
7. Unemployment benefits.
8. Employer's share of employee benefit plan costs for employees and their dependents, which would include only:
 - Hospital/medical/prescription benefits;
 - Dental benefits;
 - Disability insurance benefits;
 - Life insurance benefits;
 - Long-term insurance benefits;
 - Vision benefits.
9. Deferred compensation programs for city managers, fire chiefs, and police chiefs who do not participate in either IPERS or the Municipal Fire and Police Retirement System of Iowa (MFPRSI).
10. Employee wellness programs that are a part of, or are included with, a hospital/medical/prescription benefit program or a health and fitness program for employees that is adopted by city council motion, resolution, ordinance or included in a document approved by the city council.
11. Employee assistance program providing free counseling for employees and their dependents.
12. Occupational Safety and Health Administration (OSHA)-required tests (e.g., pulmonary and heart tests).
13. Regularly scheduled, city-required, postemployment physicals for employees, police reserves and volunteer firefighters.

545—4.2(384) Mandatory procedures. These employee benefits will be budgeted in the city general fund up to the tax rate limit of that fund with the excess being budgeted in the trust and agency fund for those employees being paid from the city general fund:

1. Employer's share of FICA under Iowa Code section 97C.10.
2. Employer's share of IPERS under Iowa Code section 97B.9.

545—4.3(384) Optional procedures. These employee benefits may be budgeted in either the city general or city trust and agency fund for those employees being paid from the city general fund.

1. Employer's share of police and fire pension and retirement systems under Iowa Code chapters 410 and 411.
2. Employer's share of medical payments under Iowa Code sections 410.18 and 411.15.
3. Retiree hospital/medical/prescription benefits pursuant to Iowa Code section 364.25.
4. Workers' compensation costs or insurance premiums.
5. Unemployment benefits.
6. Employer's share of employee benefit plan costs for employees and their dependents, which would include only:
 - Hospital/medical/prescription benefits;
 - Dental benefits;
 - Disability insurance benefits;
 - Life insurance benefits;
 - Long-term care insurance benefits;
 - Vision benefits.
7. Deferred compensation programs for city managers, fire chiefs, and police chiefs who do not participate in either IPERS or MFPRSI.

8. Employee wellness programs that are a part of, or are included with, a hospital/medical/prescription benefit program or a health and fitness program for employees that is adopted by city council motion, resolution, ordinance or included in a document approved by the city council.
9. Employee assistance program providing free counseling for employees and their dependents.
10. OSHA-required tests (e.g., pulmonary and heart tests).
11. Regularly scheduled, city-required postemployment physicals for employees, police reserves and volunteer firefighters.

545—4.4(384) Budgeting—other than general fund and road use tax fund. The revenues and appropriations for employee benefits for those employees being paid from any fund other than the city general fund and the road use tax fund are to be budgeted in and paid from the fund from which the employee is being paid.

These rules are intended to implement Iowa Code section 384.15.