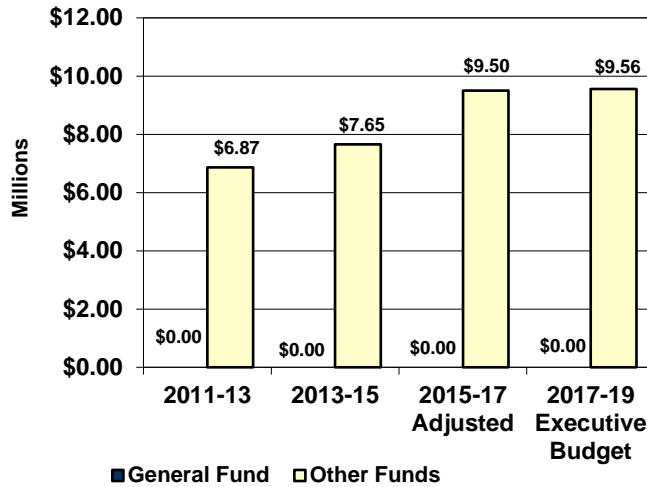


**Department 192 - Public Employees Retirement System
House Bill No. 1023**

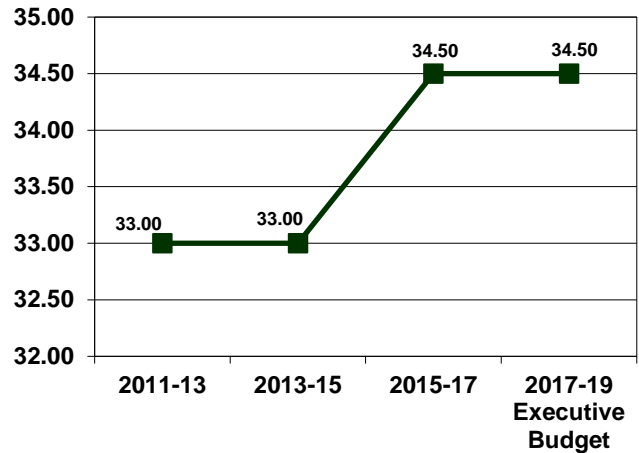
Dalrymple Executive Budget Comparison to Prior Biennium Appropriations

| | FTE Positions | General Fund | Other Funds | Total |
|---|---------------|--------------|-------------|-------------|
| 2017-19 Dalrymple Executive Budget | 34.50 | \$0 | \$9,556,106 | \$9,556,106 |
| 2015-17 Adjusted Legislative Appropriations | 34.50 | 0 | 9,496,373 | 9,496,373 |
| Increase (Decrease) | 0.00 | \$0 | \$59,733 | \$59,733 |

Agency Funding



FTE Positions



Dalrymple Executive Budget Comparison to Base Level

| | General Fund | Other Funds | Total |
|------------------------------------|--------------|-------------|-------------|
| 2017-19 Dalrymple Executive Budget | \$0 | \$9,556,106 | \$9,556,106 |
| 2017-19 Base Level | 0 | 9,319,003 | 9,319,003 |
| Increase (Decrease) | \$0 | \$237,103 | \$237,103 |

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Dalrymple and Burgum Executive Budget Highlights
(With First House Changes in Bold)**

| | General Fund | Other Funds | Total |
|--|--------------|-------------|-------------|
| 1. Provides funding for state employee salary and benefit increases, of which \$25,900 is for salary increases and \$102,885 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) The House removed funding for the salary increases. | \$0 | \$128,785 | \$128,785 |
| 2. Adjusts funding for operating expenses. The House reduced funding for operating expenses by \$185,844 of other funds. | | \$23,000 | \$23,000 |
| 3. Adds funding for office remodel | | \$30,000 | \$30,000 |
| 4. The Burgum budget removed 1 FTE position | | (\$150,000) | (\$150,000) |

Other Sections in House Bill No. 1023

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

Contingencies line item - Section 4 provides, upon approval of the board, the Public Employees Retirement System may transfer from the contingencies line item in section 1 of the bill to all other line items.

Health insurance reserve fund - Limitations - Section 5 prohibits the Public Employees Retirement System office from spending funds in the health insurance reserve fund for the purpose of reducing uniform group insurance premium amounts.

Public Employees Retirement System Board - Sections 6 through 121 amend North Dakota Century Code relating to removing the public employees' retirement board, changes to the Public Employees' Retirement System, and the membership of the Employee Benefits Programs Committee.

Use of electronic transfers of funds - Section 33 amends Section 54-52-04 to require the Public Employees Retirement System office to establish policies to implement procedures to make and collect payments in the most cost-effective manner, including use of electronic transfers of funds.

Discontinuation of paper copies - Section 122 adds legislative intent that the department discontinue printing and mailing paper copies of the newsletter and annual benefit statements, and that it make newsletters and benefit statements available electronically on the department's website.

Continuing Appropriations

Public Employees Retirement System - Various sections - For benefit payments, investments, and actuarial and technical consulting for each program area.

Significant Audit Findings

The audit for the Public Employees Retirement System conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2015, identified one significant audit finding relating to census data reconciliation requirements.

The schedule of employer allocations and pension amounts by employer prepared for the Public Employees Retirement System and audited by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2015, identified one significant audit finding related to review of current process to determine completeness and accuracy of census data.

Major Related Legislation

House Bill No. 1148 - Provides changes to the public employee retirement plan for firefighters.

House Bill No. 1156 - Provides changes to the definition of medical marijuana and prohibiting the payment of workers' compensation benefits for medical marijuana.

House Bill No. 1175 - Provides changes to the membership of the State Investment Board.

House Bill No. 1403 - Provides changes to the public employee health benefits transparency.

House Bill No. 1406 - Provides changes to the public employee uniform group health insurance benefits.

House Bill No. 1407 - Provides changes to the term of the public employee uniform group insurance contract for health benefits coverage.

House Bill No. 1434 - Mandates health insurance coverage for autism services.

Senate Bill No. 2052 - Provides changes to the Public Employees' Retirement System uniform group insurance coverage of telehealth services.

Senate Bill No. 2053 - Provides changes relating to the definitions of retirement and retirement board, decreased employee contributions under the Public Employees Retirement System for peace officers employed by the Bureau of Criminal Investigation, eligibility for disability retirement and early retirement benefits under the Public Employees Retirement System, employee enrollment, billing for the retiree health insurance credit, failure to maintain a health savings account when the high-deductible health plan is elected, payment of administrative expenses of the defined contribution plan, and penalties for employers failing to pay contributions under the defined contribution plan.

Senate Bill No. 2107 - Provides retroactive health insurance coverage since August 19, 2016, for National Guard service members performing state active duty in response to state emergencies.

Public Employees Retirement System - Budget No. 192

House Bill No. 1023

Base Level Funding Changes

| | Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold) | | | | House Version | | | |
|---|---|--------------|--------------------|--------------------|---------------|--------------|--------------------|--------------------|
| | FTE Position | General Fund | Other Funds | Total | FTE Position | General Fund | Other Funds | Total |
| 2017-19 Biennium Base Level | 34.50 | \$0 | \$9,319,003 | \$9,319,003 | 34.50 | \$0 | \$9,319,003 | \$9,319,003 |
| 2017-19 Ongoing Funding Changes | | | | | | | | |
| Base payroll changes | | | \$55,378 | \$55,378 | | | \$55,378 | \$55,378 |
| Salary increase - Performance | | | | 0 | | | | 0 |
| Health insurance increase | | | 102,885 | 102,885 | | | 102,885 | 102,885 |
| Employee portion of health insurance | | | (52,398) | (52,398) | | | | 0 |
| Adjusts funding for operating expense | | | 23,000 | 23,000 | | | 23,000 | 23,000 |
| Adjusts funding for temporary salaries | | | (60) | (60) | | | | 0 |
| Adds funding for office remodel | | | 30,000 | 30,000 | | | 30,000 | 30,000 |
| Remove 1 FTE position | (1.00) | | (150,000) | (150,000) | (1.00) | | (150,000) | (150,000) |
| Reduce postage, printing, and supplies and requiring ACH payments | | | | 0 | | | (16,900) | (16,900) |
| Reduce printing and postage costs for newsletters | | | | 0 | | | (59,504) | (59,504) |
| Reduce printing and postage costs for annual benefit statements | | | | 0 | | | (66,440) | (66,440) |
| Reduce hosting costs for the mobile app | | | | 0 | | | (43,000) | (43,000) |
| Total ongoing funding changes | (1.00) | \$0 | \$8,805 | \$8,805 | (1.00) | \$0 | (\$124,581) | (\$124,581) |
| One-time funding items | | | | | | | | |
| No one-time funding items | | | | \$0 | | | | \$0 |
| Total one-time funding changes | 0.00 | \$0 | \$0 | \$0 | 0.00 | \$0 | \$0 | \$0 |
| Total Changes to Base Level Funding | (1.00) | \$0 | \$8,805 | \$8,805 | (1.00) | \$0 | (\$124,581) | (\$124,581) |
| 2017-19 Total Funding | 33.50 | \$0 | \$9,327,808 | \$9,327,808 | 33.50 | \$0 | \$9,194,422 | \$9,194,422 |

Other Sections in Public Employees Retirement System - Budget No. 192

| | Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold) | House Version |
|-----------------------------------|--|--|
| Health insurance increase | | Section 2 identifies \$102,885 from other funds is for increases in employee health insurance premiums from \$1,130 to \$1,249 per month. |
| Contingencies line item transfers | Section 3 provides, upon approval of the Public Employees Retirement System Board, the Public Employees Retirement System office may transfer from the contingencies line item in Section 1 of the bill to all other line items. | Section 4 provides the Public Employees Retirement System office may transfer from the contingencies line item in Section 1 of the bill to all other line items. |

Other Sections in Public Employees Retirement System - Budget No. 192

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Health insurance reserve fund

Section 5 prohibits the use of money in the health insurance reserve fund to reduce health insurance premiums.

Public Employees Retirement System Board

Sections 6 through 121 amends Century Code to remove the Public Employees Retirement System Board.

Use of electronic transfers of funds

Section 33 also amends Section 54-52-04 to require the Public Employees Retirement System office to establish policies to implement procedures to make and collect payments in the most cost-effective manner, including use of electronic transfers of funds.

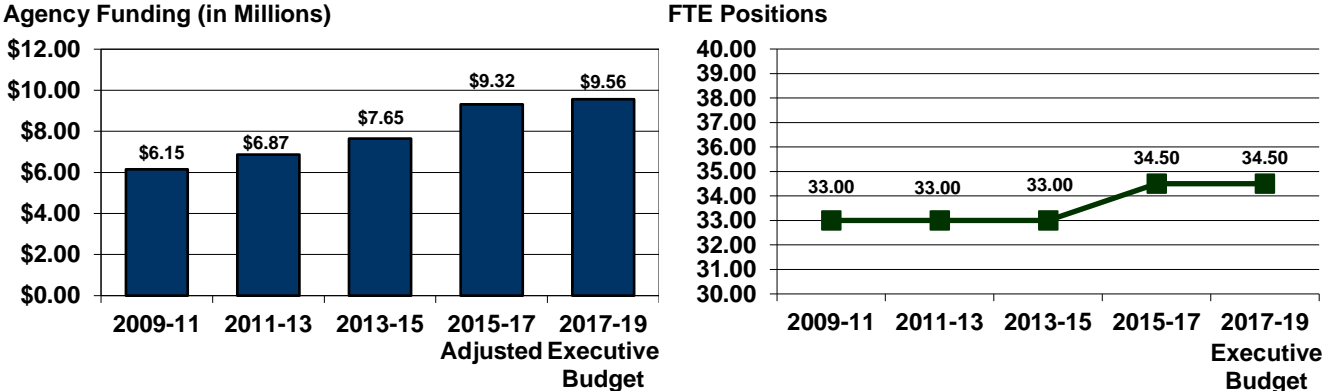
Discontinuation of paper copies

Section 122 adds legislative intent that the department discontinue printing and mailing paper copies of newsletters and annual benefit statements, and that the department make newsletters and benefit statements available electronically on the department's website.

Department 192 - Public Employees Retirement System

Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2009-11



| Ongoing Other Funds Appropriations | | | | | |
|---|-------------|-------------|-------------|------------------|------------------------------------|
| | 2009-11 | 2011-13 | 2013-15 | 2015-17 Adjusted | 2017-19 Dalrymple Executive Budget |
| Total fund appropriations | \$6,146,488 | \$6,867,890 | \$7,650,450 | \$9,319,003 | \$9,556,106 |
| Increase (decrease) from previous biennium | N/A | \$721,402 | \$782,560 | \$1,668,553 | \$237,103 |
| Percentage increase (decrease) from previous biennium | N/A | 11.7% | 11.4% | 21.8% | 2.5% |
| Cumulative percentage increase (decrease) from 2009-11 biennium | N/A | 11.7% | 24.5% | 51.6% | 55.5% |

Major Increases (Decreases) in Total Fund Appropriations

- 2011-13 Biennium**
- Added funding for changes in the agency information technology plan to support PERSLink \$447,348
- 2013-15 Biennium**
- Added funding for information technology activities included in the agency's IT Strategic Plan \$281,130
- 2015-17 Biennium**
- Added funding for 1 FTE chief financial officer position \$216,069
 - Added funding for 0.50 FTE benefit support position \$51,346
 - Added funding for additional workload due to the portability of retiree health credit \$43,052
 - Added funding for general operating expenses increases \$134,470
 - Added funding for PERSLink system refinements \$147,000
 - Added funding for website redesign \$90,080
 - Added funding for a secure reception area \$27,500
 - Added funding for additional temporary support salaries \$122,352
 - Added funding for desktop support services \$75,580
- 2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)**
- Adjusts funding for operating expenses, including: \$23,000
 - Inflationary increases \$35,489;
 - Desktop support services \$77,370;
 - Licensing fees of new PERSLink mobile app \$77,531;
 - Postage and printing for board elections \$29,492;
 - Lower telephone call volume (\$735);
 - Reduced information technology contractual services for PERSLink and system refinements (\$142,140); and

- Discontinued fees, including Blue Cross Blue Shield file fees, IRS determination letters, temporary phone support for retiree health insurance credit portability and health carrier transition, and service fees (\$54,007).
 - **The House reduced funding for operating expenses by \$185,844 of other funds.**
2. Adds funding for office remodel \$30,000
 3. The Burgum budget removed 1 FTE position (\$150,000)