

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023

In lieu of the amendments adopted by the Senate as printed on pages 811-813 of the Senate Journal, Engrossed House Bill No. 1023 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the public employees retirement system; to provide for a transfer; to create and enact a new subsection to section 54-02-04 of the North Dakota Century Code, relating to public employees retirement system payments; to provide for a legislative management study; and to provide for legislative intent.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys from special funds derived from income to the public employees retirement system for the purpose of defraying the expenses of the public employees retirement system, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,315,360	\$809	\$6,316,169
Operating expenses	2,753,643	(61,422)	2,692,221
Contingencies	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total special funds	\$9,319,003	(\$60,613)	\$9,258,390
Full-time equivalent positions	34.50	0.00	34.50

SECTION 2. HEALTH INSURANCE INCREASE. The salaries and wages line item in section 1 of this Act includes the sum of \$95,431 from other funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

SECTION 3. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly as adjusted for the 2015-17 biennium:

<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
Public employees retirement system - temporary salaries	\$100,000	\$0
Desktop support services	<u>77,370</u>	<u>0</u>
Total special funds	\$177,370	\$0

SECTION 4. APPROPRIATION LINE ITEM TRANSFERS. The public employees retirement system office may transfer from their contingencies line item in section 1 of this Act to all other line items. The agency shall notify the office of management and budget of each transfer made pursuant to this section.

SECTION 5. A new subsection to section 54-52-06 of the North Dakota Century Code is created and enacted as follows:

The board shall establish policies and implement procedures to make and collect payments in the most cost-effective manner, including the use of electronic transfer of funds.

SECTION 6. LEGISLATIVE MANAGEMENT STUDY - PUBLIC EMPLOYEES RETIREMENT SYSTEM. During the 2017-18 interim, the legislative management shall consider studying the powers and duties of the public employees retirement system's retirement board, including the board's fiduciary duties; the administrative structure of the public employees retirement system, including the feasibility and desirability of changing this structure; the powers and duties of the employee benefits programs committee, including the feasibility and desirability of increasing the committee's oversight of the public employees retirement system; the feasibility and desirability of implementing a self-funded insurance plan; and the feasibility and desirability of changing the contract bidding process to every two years. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 7. LEGISLATIVE INTENT - ELECTRONIC DISTRIBUTION OF MATERIALS. It is the intent of the sixty-fifth legislative assembly that, by July 1, 2018, the public employees retirement system office create operating efficiencies when feasible by discontinuing the distribution of paper materials, including newsletters and benefit statements. It is further the intent of the sixty-fifth legislative assembly that the public employees retirement system office:

- Develop procedures to electronically distribute materials or provide access to materials through member self-service website applications.
- Consider options to charge members a fee for continued distribution of paper materials to that member."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1023 - Public Employees Retirement System - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$6,315,360	\$6,323,623	(\$7,454)	\$6,316,169
Operating expenses	2,753,643	2,620,799	71,422	2,692,221
Contingencies	250,000	250,000		250,000
Total all funds	\$9,319,003	\$9,194,422	\$63,968	\$9,258,390
Less estimated income	9,319,003	9,194,422	63,968	9,258,390
General fund	\$0	\$0	\$0	\$0
FTE	34.50	33.50	1.00	34.50

Department No. 192 - Public Employees Retirement System - Detail of Senate Changes

	Adjusts Funding for Health Insurance Increases ¹	Restores back FTE position ²	Restores Funding for Operating Expenses ³	Total Senate Changes
Salaries and wages	(\$7,454)			(\$7,454)
Operating expenses			71,422	71,422
Contingencies				
	(\$7,454)	\$0	\$71,422	\$63,968

Total all funds				
Less estimated income	(7,454)	0	71,422	63,968
General fund	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	1.00

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the change.

² One FTE position removed by the House is restored.

³ A portion of the funding reduced by the House for operating expenses is restored as follows:

	<u>Other Funds</u>
Printing and postage costs for newsletter	\$29,752
Printing and postage costs for annual benefit statements	\$33,220
Other postage, printing, and supplies	\$8,450

This amendment also:

- Removes a section that limited the use of funding in the health insurance reserve fund for reducing health insurance premium amounts.
- Removes various sections of North Dakota Century Code that were amended relating to providing for the Director of the Public Employees Retirement System to be appointed by the Governor, removing the Public Employees Retirement System Board, and adjusting the membership and duties of the Employee Benefits Programs Committee.
- Adjusts a section of legislative intent relating to charging members a fee for paper materials.