

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: SB 2102

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$55,311	\$0	\$57,000
Expenditures	\$0	\$0	\$0	\$55,311	\$0	\$57,000
Appropriations	\$0	\$0	\$0	\$55,311	\$0	\$57,000

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill moves ND National Guard Security employees from the ND National Guard retirement plan to the BCI Peace Officers retirement plan due to a reduction in National Guard Security employees.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2. Amendment in effect raises the current contribution rate. The employer increase is 3.81% for the first five months beginning in August 2015. In January 2016 the effective increase is reduced to 3.31%. The estimated impact is shown above.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The employees affected are 100% federally reimbursed employees.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

All expenditures are 100% federally reimbursed. Expenditures will be in line 73 Air Guard Contracts and line 74 Army Guard Contracts. It affects 7 FTE in line 73 and 12 FTE in line 74.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Increases will be 100% federally reimbursed. Appropriations in the executive budget are inclusive of these expenditures.

Name: Holly Gaugler

Agency: Adjutant General

Telephone: 701-333-2079

Date Prepared: 12/22/2014

2015 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2102

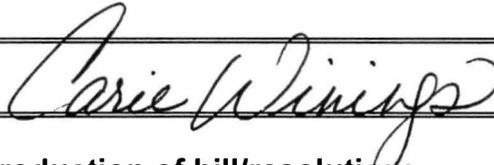
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SB 2102
1/8/2015
Job # 21770

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to state employee retirement plans and retirement contributions by National Guard security officers and firefighters

Minutes:

Attachments 1-2

Chairman Dever: Opened the hearing on SB 2102.

Brigadier General Dohrmann, Deputy Adjutant General: See Attachment #1 in support of the bill.

(4:25) **Senator Cook:** The increase in the employee contribution, is that just for those transferring over or is it for all the employees in that plan?

General Dohrmann: It is my understanding that it is for all the employees in the plan based on the actuarial. The National Guard plan has always been a pretty healthy plan. The 1st time we increased employee contribution in that plan was last session, and it was 1%. This session will bring them up another 1.5 %. Considering what we have had to do with the main PERS plan, this plan has been doing very well.

Senator Nelson: You have 73 Air contracts, 74 Army contracts; just how many are in each plan?

General Dohrmann: This particular plan addresses only those employees in the defined benefit plan. Many of the employees that are currently working for us that are security personnel are all under the defined contribution plan and are not addressed in this bill.

Senator Nelson: How many are transferring over from the old to the new plan?

General Dohrmann: Fifteen.

Chairman Dever: You are eliminating the current plan, or are the retired members continuing through that plan?

General Dohrmann: I have to defer to PERS on that.

Kathy Allen: We are not eliminating the plan, we are just transferring the appropriate amount of assets from that plan to the law enforcement plan so that anyone retired under that plan would continue in that retirement status.

Chairman Dever: So this plan has the assets to cover the retired employees?

Kathy Allen: Contingent and of course the contribution increase, yes it will address that.

(7:23) Kathy Allen, Benefit Programs Manager, NDPERS: See Attachment #2 in support of the bill.

(9:05) Senator Nelson: People who are currently retired will still be covered under old plan, and those that are currently retiring will still be under the current plan we have; so, is it new people that are going into this new plan?

Kathy Allen: Current active employees not retired will be moving to the law enforcement plan and any future new employees would be a member of the law enforcement plan.

Senator Nelson: So the only people that will afterwards be covered by old plan are those that are already retired?

Kathy Allen: Correct. The old plan will exit until the current retired are all gone.

Senator Cook: You say the current plan is in good shape?

Kathy Allen: The current plan, yes.

Senator Cook: How good a shape is the National Guard plan? 80 or 90% funded?

Kathy Allen: As of July 1, 2014 was 87.8% funded.

Chairman Dever: If there is a funding shortfall in the future, is that a federal liability?

Kathy Allen: I would have to get back to you on if that is that acceptable? It will be a closed plan because there won't be any new entrants.

Chairman Dever: Sure.

Senator Nelson: What happened to the assets of the people who were downsized?

Kathy Allen: For those individuals that went to the Airport Authority, they are under the city of Fargo, and they do participate in the states defined benefit plan and their assets transferred with them.

Chairman Dever: Closed the hearing on SB 2102.

2015 SENATE STANDING COMMITTEE MINUTES

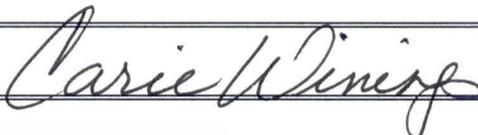
Government and Veterans Affairs Committee

Missouri River Room, State Capitol

SB 2102
1/16/2015
Job # 22055

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

No Attachments

Chairman Dever: Opened SB 2102 for committee discussion. We received a clarification e mail from PERZ. If I recall correctly, the retirement pay for existing retirees in that program is actually transferring to the law enforcement plan.

Senator Poolman: Moved a Do Pass and Rerefer to Appropriations.

Senator Nelson: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion passed.

Chairman Dever carrier.

Date: 1/16
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2102**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Poolman Seconded By Nelson

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais	✓	
Vice Chairman Poolman	✓		Senator Nelson	✓	
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Dever

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2102: Government and Veterans Affairs Committee (Sen. Dever, Chairman)
recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee**
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2102 was rereferred to the
Appropriations Committee.

2015 SENATE APPROPRIATIONS

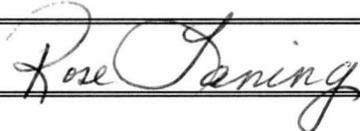
SB 2102

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2102
1/28/2015
Job # 22702

- Subcommittee
 Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

Places National Guard security officers and firefighters retirement plans and retirement contributions under the Public Employees Retirement System.

Minutes:

Attachment 1 - 2

Legislative Council - Michael Johnson
OMB - Becky Deichert

Chairman Holmberg called the committee to order on SB 2103. All committee members were present. He state there is a fiscal note with the bill and it says \$55,000.

Brigadier General Alan Dohrmann, Deputy Adjutant General of North Dakota:

(Attachment 1) This bill started out in the GVA committee and came out with a Do Pass on January 16. This phases out the National Guard security and firefighter retirement plan and transfers all of the employees that were in that plan into the Law Enforcement with prior main service plan. (Fiscal Note - Attachment 2)

Senator G. Lee: What happened to those people that were the firefighters that were in Fargo?

General Dohrmann: We worked with them for over 18 months and through some help from our federal congressional delegation, we got them extended for awhile. In reality, we had to reduce that force from 28 to zero. When we stopped doing that mission at Hector Field, it became the responsibility of the Fargo Airport Authority to take up the mission. Without our jets that we used to have there, their requirement was only 10 firefighters, so of that 28 that were let go, ten of them were employed by the Fargo Airport Authority. The other eighteen were released with a small severance to find them other opportunities within their career field.

Chairman Holmberg closed the hearing on SB 2102

Senator Carlisle moved Do Pass on SB 2102

Senator Wanzek seconded the motion.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0.

The bill goes back to GVA.

Date: 1-28-15
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2102**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By _____ Seconded By _____

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent _____

Floor Assignment Sen Dewar go back to GVA

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2102: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS
(13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2102 was placed on the
Eleventh order on the calendar.

2015 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2102

2015 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee

Fort Union, State Capitol

SB 2102

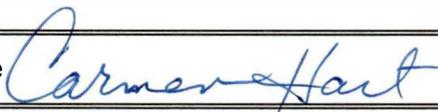
3/5/2015

24393

Subcommittee

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to state employee retirement plans and retirement contributions by national guard security officers and firefighters

Minutes:

Attachment 1

Chairman Kasper opened the hearing on SB 2102.

Brigadier General Alan Dohrmann appeared in support. Attachment 1. (1:09-3:56)

Rep. Laning Are the national guard security forces a 24 hour guard service?

Brigadier General Alan Dohrmann We have security at two of our facilities--Fraine Barracks and our training center at Camp Grafton. At Camp Grafton, the security at the front gate is 24/7. At Fraine Barracks because of the reduction in federal funding, we are down to 4 employees there and cannot run 24/7 operations. We have installed a key gate at the front gate.

Rep. Schneider Did the members that were affected by this have input into your remedies here?

Brigadier General Alan Dohrmann Luckily we had a full year notice. We looked at what our requirement was first and foremost. We let them know that we would have reduction in force. We did not have to rif anyone. Because of the advance notice we gave them, folks were able to move on to other opportunities.

Rep. Karls reminded the committee that there were tours this afternoon at the Military Service Center.

Brigadier General Alan Dohrmann also encouraged the committee members to attend the open house at the Military Service Center.

No opposition.

House Government and Veterans Affairs Committee

SB 2102

3/5/15

Page 2

The hearing was closed.

Rep. Steiner made a motion for a DO PASS.

Rep. Karls seconded the motion.

A roll call vote was taken. 14 Yeas, 0 Nays, 0 Absent.

Rep. Karls will carry the bill.

Date: 3-5-15
 Roll Call Vote #: _____

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2102**

House Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Steiner Seconded By Karls

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	X		Rep. Bill Amerman	X	
Vice Chair Karen Rohr	X		Rep. Gail Mooney	X	
Rep. Jason Dockter	X		Rep. Mary Schneider	X	
Rep. Mary C. Johnson	X		Rep. Kris Wallman	X	
Rep. Karen Karls	X				
Rep. Ben Koppelman	X				
Rep. Vernon Laning	X				
Rep. Scott Louser	X				
Rep. Jay Seibel	X				
Rep. Vicky Steiner	X				

Total (Yes) 14 No 0

Absent _____

Floor Assignment Karls

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2102: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
SB 2102 was placed on the Fourteenth order on the calendar.

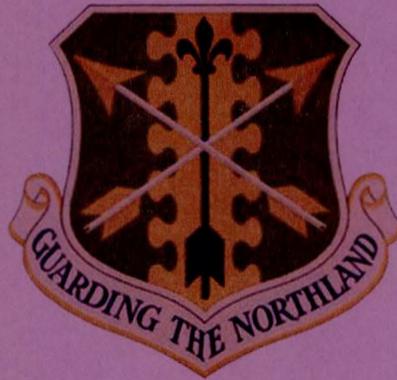
2015 TESTIMONY

SB 2102



Army National Guard

“The Straight Arrows”



Air National Guard

“The Happy Hooligans”



*Department of
Emergency Services
Homeland Security &
State Radio*

*The
Office of the
Adjutant General*

*Testimony of
Brigadier General Alan Dohrmann
Deputy Adjutant General*

before the

*Senate Government and Veteran Affairs
Committee*

January 8, 2015

SENATE BILL 2102

TESTIMONY OF
BRIGADIER GENERAL ALAN S. DOHRMANN
THE DEPUTY ADJUTANT GENERAL
BEFORE THE
GOVERNMENT AND VETERANS' AFFAIRS COMMITTEE
8 JANUARY 2015
SB 2102

Good morning Mr. Chairman and members of the Committee. I am Brigadier General Alan Dohrmann, the Deputy Adjutant General of North Dakota. I am testifying in support of SB 2102 which would phase out the National Guard security or firefighter retirement program and transfer its members to the Law Enforcement with prior main service plan. These changes have become necessary due to significant reductions in our authorized manning.

With the loss of our manned flying mission at Hector Field in Fargo, we also lose our authority to have a federally reimbursed fire department, resulting in an elimination of 28 federally reimbursed state employees. Additionally, the federally reimbursed Army National Guard security guards' authorized numbers have been reduced from 24 to 12. This leaves us with just 15 state employees in this defined benefits program. Because of this small number, we feared that the employee contribution numbers would not be large enough to sustain the National Guard Security and Firefighter plan. NDPERS concurred with this concern and has worked with us to present the bill before you today. Looking at similar plans that anticipated an earlier retirement age, and working with NDPERS, it was determined that the Law Enforcement with prior main service plan would be the most appropriate for our remaining 15 employees.

This bill does three things. First, it phases out the "National Guard Security Officers and Firefighters" retirement program [NDCC 54-52-06.2] on July 31, 2015 and transfers all plan participants to the Law Enforcement plan under NDCC 54-52-06.4. Second, based on current NDPERS actuarial assessments, Section 2 of this Bill increases the employee's contribution from its current 4.5% to 6 % at the start of the biennium, with a follow on reduction to 5.5% on January 1, 2016. Third, Section 4 of the Bill adds an option for our members to utilize the "Rule of 85", which makes our members retirement options consistent with all other members in the plan.

There should be no fiscal impact to the State since all state obligations under this plan are reimbursed from the federal government under a cooperative agreement.

I ask for your support for this bill and will stand for any questions you may have.

1/8/15
#2

TESTIMONY OF NDPERS ON SENATE BILL 2102

Mr. Chairman, members of the committee, good morning my name is Kathy Allen and I am the Benefit Programs Manager at the North Dakota Public Employees Retirement System (PERS). Today I appear before you in support of SB2102. This bill relates to the National Guard security officers and firefighters retirement plan and retirement contributions and benefits for those members. Specifically, National Guard security officers and firefighters would become members in the Law Enforcement with prior main service plan and contributions and benefits would be aligned accordingly.

During the interim, NDPERS worked in conjunction with the National Guard administration to develop this bill. It was recognized that there was declining membership in the National Guard plan and it was proposed that the members and associated plan assets transfer to the Law Enforcement plan. It was determined this approach would be the best strategy to provide for the long term stability of a plan for National Guard members. The technical analysis by Segal Company indicated this proposal would not have any adverse effect on the Law Enforcement plan.

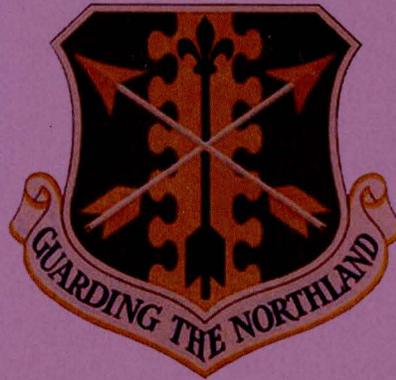
This bill was reviewed during the interim and is supported by the PERS Board and the Legislative Employee Benefits Committee gave it a favorable recommendation

Mr. Chairman, this concludes my testimony. Thank you.



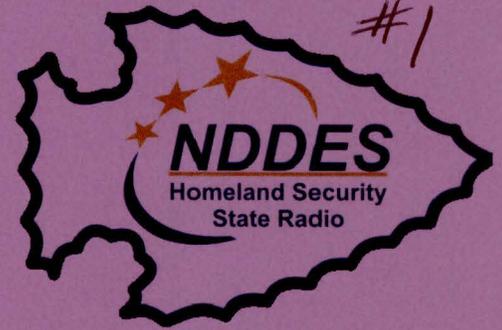
Army National Guard

"The Straight Arrows"



Air National Guard

"The Happy Hooligans"



*Department of
Emergency Services
Homeland Security &
State Radio*

*The
Office of the
Adjutant General*

*Testimony of
Brigadier General Alan Dohrmann
Deputy Adjutant General*

before the

*Senate Appropriations
Committee*

January 28, 2015

SENATE BILL 2102

TESTIMONY OF
BRIGADIER GENERAL ALAN S. DOHRMANN
THE DEPUTY ADJUTANT GENERAL
BEFORE THE
SENATE APPROPRIATIONS COMMITTEE
27 JANUARY 2015
SB 2102

Good morning Mr. Chairman and members of the Committee. I am Brigadier General Alan Dohrmann, the Deputy Adjutant General of North Dakota. I am testifying in support of SB 2102 which would phase out the National Guard security or firefighter retirement program and transfer its members to the Law Enforcement with prior main service plan. These changes have become necessary due to significant reductions in our authorized manning.

With the loss of our manned flying mission at Hector Field in Fargo, we also loss our authority to have a federally reimbursed fire department, resulting in an elimination of 28 federally reimbursed state employees. Additionally, the federally reimbursed Army National Guard security guards' authorized numbers have been reduced from 24 to 12. This leaves us with fewer than 20 state employees in this defined benefits program. Because of this small number, we feared that the employee contribution numbers would not be large enough to sustain the National Guard Security and Firefighting plan. NDPERS concurred with this concern and has worked with us to present the bill before you today. Looking at similar plans, that anticipated an earlier retirement age, and working with NDPERS, it was determined that the Law Enforcement with prior main service plan would be the most appropriate for the remaining employees.

This bill does three things. First, it phases out the "National Guard Security Officers and Firefighters" retirement program [NDCC 54-52-06.2] on July 31, 2015 and transfers all plan participants to the BCI plan under NDCC 54-52-06.4. Second, based on current PERS actuarial assessments, Section 2 of this Bill increases the employee's contribution from its current 4.5% to 6 % at the start of the biennium, with a follow on reduction to 5.5% on January 1, 2016. Third, Section 4 of the Bill adds an option for our members to utilize the "Rule of 85", which makes our members retirement options consistent with all other members in the plan.

There should be ^{no} general fund fiscal impact to the State since all state obligations under this plan are reimbursed from the federal government under a cooperative agreement.

I ask for your support for this bill and will stand for any questions you may have.

1.2

SB 2102
1-28-15
2

15.0139.02000

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: SB 2102

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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2.1

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Increases will be 100% federally reimbursed. Appropriations in the executive budget are inclusive of these expenditures.

Name: Holly Gaugler

Agency: Adjutant General

Telephone: 701-333-2079

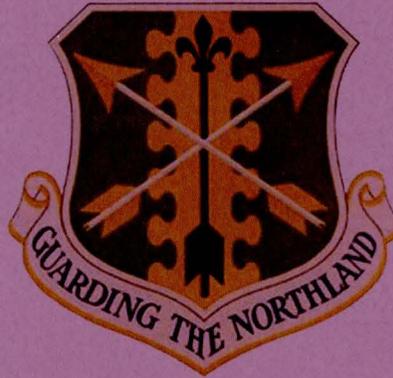
Date Prepared: 12/22/2014

2.2



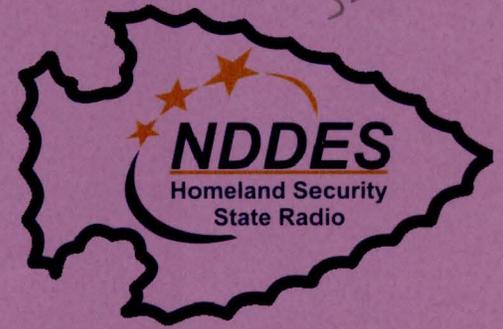
Army National Guard

"The Straight Arrows"



Air National Guard

"The Happy Hooligans"



*Department of
Emergency Services
Homeland Security &
State Radio*

*The
Office of the
Adjutant General*

*Testimony of
Brigadier General Alan Dohrmann
Deputy Adjutant General*

before the

*House Government and Veteran Affairs
Committee*

March 5, 2015

SENATE BILL 2102

TESTIMONY OF
BRIGADIER GENERAL ALAN S. DOHRMANN
THE DEPUTY ADJUTANT GENERAL
BEFORE THE
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
5 MARCH 2015
SB 2102

Good morning Mr. Chairman and members of the Committee. I am Brigadier General Alan Dohrmann, the Deputy Adjutant General of North Dakota. I am testifying in support of SB 2102 which would phase out the National Guard security or firefighter retirement program and transfer its members to the Law Enforcement with prior main service plan. These changes have become necessary due to significant reductions in our authorized manning.

With the loss of our manned flying mission at Hector Field in Fargo, we also lost our authority to have a federally reimbursed fire department, resulting in an elimination of 28 federally reimbursed state employees. Additionally, the federally reimbursed Army National Guard security guards' authorized numbers have been reduced from 24 to 12. This leaves us with fewer than 20 state employees in this defined benefits program. Because of this small number, we feared that the employee contribution numbers would not be large enough to sustain the National Guard Security and Firefighting plan. NDPERS concurred with this concern and has worked with us to present the bill before you today. Looking at similar plans that anticipated an earlier retirement age, and working with NDPERS, it was determined that the Law Enforcement with prior main service plan would be the most appropriate for the remaining employees.

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There should be no general fund fiscal impact to the State since all state obligations under this plan are reimbursed from the federal government under a cooperative agreement.

I ask for your support for this bill and will stand for any questions you may have.