

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Thursday, February 6, 2003
Fort Union Room, State Capitol
Bismarck, North Dakota

Representative Bette B. Grande, Chairman, called the meeting to order at 4:00 p.m.

Members present: Representatives Bette B. Grande, Joe Kroeber, Wayne W. Tieman, Francis J. Wald; Senators Ralph L. Kilzer, Karen K. Krebsbach, Tim Mathern

Members absent: Representative Glen Froseth; Senator Stanley W. Lyson

Chairman Grande recognized Senator Linda Christenson who reviewed Senate Bill No. 2266 [30434.0100]. She said the bill removes the \$200 per month cap on firefighters relief association pensions.

Chairman Grande recognized Mr. Cary Foy, Secretary, Grand Forks Fire Department Relief Association, Grand Forks. Mr. Foy distributed a copy of actuarial information concerning the Grand Forks Fire Department Relief Association, a copy of which is attached as Appendix A. He said the Grand Forks Fire Department Relief Association is in sound financial condition and would like to increase the monthly pension above the statutory limitation. He said rather than continuing to accumulate excess funds, the pension fund would like to distribute the excess to its beneficiaries.

In response to a question from Senator Mathern, Mr. Foy said removing the statutory cap will allow the association to set the monthly pension based upon the performance of the fund.

In response to a question from Senator Kilzer, Mr. Foy said the Grand Forks Relief Association has 34 retired members, including disabled members, and 54 active members.

In response to a question from Senator Kilzer, Mr. Foy said the association is in sound financial shape, is in better shape than it was two years ago even considering the current investment climate, and its actuaries have said the plan is overfunded and would be able to distribute a portion of its excess to the association beneficiaries.

In response to a question from Representative Grande, Mr. Foy said if the cap were to be increased rather than removed, it should be increased to at least \$500 per month.

It was moved by Representative Wald, seconded by Senator Mathern, and carried on a roll call vote that Senate Bill No. 2266 be given a favorable recommendation. Representatives

Grande, Kroeber, Tieman, and Wald and Senators Kilzer, Krebsbach, and Mathern voted "aye." No negative votes were cast.

Chairman Grande recognized Ms. Fay Kopp, Deputy Executive Director, Retirement and Investment Office, who reviewed a proposed amendment to Senate Bill No. 2013 [38036.0103]. Ms. Kopp said the amendment would allow nonteaching employees of the Superintendent of Public Instruction, including the Superintendent of Public Instruction, to elect to transfer to the Public Employees Retirement System. She also distributed a copy of the actuarial report prepared by Gabriel, Roeder, Smith & Company, the actuarial consultants for the Teachers' Fund for Retirement. A copy of the report is attached as Appendix B.

Chairman Grande recognized Mr. Sparb Collins, Executive Director, Public Employees Retirement System, who distributed an actuarial report concerning the amendment prepared by The Segal Company, a copy of which is attached as Appendix C. Mr. Collins said the transfer would be actuarially neutral for the Public Employees Retirement System but would impact the retiree health benefits fund. To pay for the impact on the fund, he said, the amendment increases the retiree health benefits contribution to 3.10 percent for transferring members for the first eight years of membership in the system. Based upon this provision, he said, the transfer will be actuarially neutral.

In response to a question from Representative Wald, Ms. Kopp said two reasons why employees of the Superintendent of Public Instruction may wish to transfer to the Public Employees Retirement System are that they will then be eligible for the retiree health benefits credit and the employee contribution is reduced from 7.75 to 7.22 percent of salary.

In response to a question from Representative Kroeber, Ms. Kopp said other state agencies that have nonteaching members as members of the Teachers' Fund for Retirement include the State Board for Vocational and Technical Education and the Division of Independent Study.

It was moved by Representative Wald, seconded by Representative Tieman, and carried on a roll call vote that the proposed amendment to Senate Bill No. 2013 be given a favorable

recommendation. Representatives Grande, Tieman, and Wald and Senator Kilzer voted "aye." Representative Kroeber and Senators Krebsbach and Mathern voted "nay."

No further business appearing, Chairman Grande adjourned the meeting at 5:15 p.m.

Jeffrey N. Nelson
Committee Counsel

ATTACH:3