

**Department 192 - Public Employees Retirement System
House Bill No. 1025**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	27.00		\$3,859,480	\$3,859,480
1999-2001 Legislative Appropriations	<u>26.00</u>		<u>3,399,952</u>	<u>3,399,952</u> ¹
Increase (Decrease)	<u>1.00</u>	<u>\$0</u>	<u>\$459,528</u>	<u>\$459,528</u>

2001-03 Hoeven Executive Budget	<u>27.00</u>		<u>\$3,859,480</u>	<u>\$3,859,480</u>
Hoeven Increase (Decrease) to Schafer	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

¹The 1999-2001 appropriation amount includes \$40,517 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$2,526 of other funds for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

Major Schafer Recommendations Affecting the Public Employees Retirement System 2001-03 Budget

	General Fund	Other Funds	Total
1. Increases funding for operating expenses by 23.4 percent, from \$1,222,052 to \$1,507,730 to reflect the following changes:			
Inflationary increases		\$62,985	\$62,985
Establishment of interactive voice response and Internet-based systems to allow members to access information or complete benefit forms 24-hours per day		190,056	190,056
Other		<u>32,637</u>	<u>32,637</u>
Total recommended changes		<u>\$285,678</u>	<u>\$285,678</u>
2. Adds 1 FTE employee benefits programs specialist and provides the following amounts to conduct member education programs (The House removed the funding and the FTE.):			
Salaries and wages		\$77,678	\$77,678
Operating expenses		6,732	6,732
Equipment		<u>4,500</u>	<u>4,500</u>
Total recommended appropriation		<u>\$88,910</u>	<u>\$88,910</u>

**Major Hoeven Recommendations Affecting the Public Employees Retirement System 2001-03 Budget
Compared to the Bill as Introduced (Schafer Budget)**

The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.

Major Legislation Affecting the Public Employees Retirement System

House Bill No. 1216 - This bill extends until December 14, 2001, the time period within which state employees eligible under current law to participate in the defined contribution plan may elect to do so. The fiscal note indicates the need for additional appropriation authority of \$3,780--\$3,000 for assistance required by PERS in calculating amounts to be transferred to the defined contribution plan and \$780 for meeting expenses.

House Bill No. 1217 - This bill expands eligibility to participate in the defined contribution plan to include all state employees except Supreme Court and district court judges and higher education employees eligible to participate in TIAA-CREF. This bill also provides an other funds appropriation of \$250,000 to the PERS and provides authority for 2 additional FTE positions. The fiscal note indicates an estimated cost to the agency of \$418,692 and the need for 3 FTE positions, rather than the 2 FTE positions authorized in the bill.

Senate Bill No. 2362 - This bill includes overtime wages earned by employees of the North Dakota Mill and Elevator Association in the definition of "salaries and wages" for the purpose of determining retirement benefits and provides an other funds appropriation of \$7,300 for administrative expenses anticipated to be incurred by the Public Employees Retirement System. In addition to the \$7,300 effect on the expenditures of the PERS, the fiscal note indicates additional expenditures of \$130,000 for the 2001-03 biennium for the Mill and Elevator for additional retirement contributions paid on behalf of employees.

Summary of Legislative Changes to Bill as Introduced

See attached Statement of Purpose of Amendment.