

**Public Employees Retirement System (PERS)
Budget 192
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2009-11 legislative appropriation	33.00	\$13,000	\$6,133,488	\$6,146,488
2007-09 legislative appropriation	<u>33.00</u>	<u>0</u>	<u>15,273,290</u>	<u>15,273,290</u>
2009-11 appropriation increase (decrease) to 2007-09 appropriation	0	\$13,000	(\$9,139,802)	(\$9,126,802)

Item Description

Appropriation line item transfers - Section 2 of House Bill No. 1022 provides that PERS may transfer funds from the contingencies line item to any other line item and provides that the agency notify the Office of Management and Budget of each transfer made.

Technology project carryover - The 2007 Legislative Assembly provided a \$9,594,000 2007-09 special funds appropriation to PERS for a legacy application computer system replacement project. The agency received approval pursuant to North Dakota Century Code Section 54-44.1-11 to continue \$4,734,726 in special funds authority from the 2007-09 biennium to the 2009-11 biennium to complete the implementation of the project. The carryover authority is not included in the 2009-11 legislative appropriation amounts above.

Main Public Employees Retirement System fund status - Provided below is a status summary of the main Public Employees Retirement System fund:

Actuarial Value of Investments (Amounts Shown in Billions)		
	Fund Balance	Actuarial Percentage Funded
June 30, 2007	\$1.50	93.4%
June 30, 2008	\$1.61	92.6%
June 30, 2009	\$1.62	85.1%

Market Value of Investments (Amounts Shown in Billions)		
	Fund Balance	Annual Percentage Change in Market Value
June 30, 2007	\$1.94	19.0%
June 30, 2008	\$1.81	(5.6%)
June 30, 2009	\$1.35	(24.4%)
March 31, 2010, preliminary fund balance	\$1.60	18.5%

Status/Result

The Public Employees Retirement System does not expect any transfers from the contingencies line item to be required during the 2009-11 biennium.

The Public Employees Retirement System started the information technology replacement project in October 2007 with the selection of Sagitec Solutions as the project vendor. As of the end of February 2010, expenditures for the project have totaled \$5,952,007. The agency anticipates the project will be fully implemented by early December 2010.

A decline in the market value of fund investments caused actuarial funded levels to decrease from 92.6 percent as of June 2008 to 85.1 percent as of June 2009. In 2008 investments declined 5.6 percent from prior year market values and in 2009 investments declined by 24.4 percent.

The Public Employees Retirement System through actuarial analysis has determined that relying only on potential market value increases will not return the funded level of the main Public Employees Retirement System fund to the target level of at least 90 percent. The Public Employees Retirement System plans to introduce bills to the 2011 Legislative Assembly to improve funding levels by increasing contribution rates of employees, employers, or both.