

FISCAL NOTE
Requested by Legislative Council
04/29/2021

Amendment to: Engrossed SB 2046

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$350,000	\$100,000,000		
Appropriations			\$350,000	\$100,000,000		

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			\$1,567,221
Cities			\$1,186,925
School Districts			\$1,924,882
Townships			

- 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).*

Closes the State DB Plan Jan 2023; increases new Pol Sub Plan employer/employee contributions .5% Jan 2024; transfers \$100M from the budget stabilization fund, directs OMB and NDPERS studies.

- 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.*

SB 2046 provides a .5% employer increase effective January 2024 for the NDPERS Political Sub System.

Section 12 transfers \$200,000 to OMB for consultant analysis.

Section 13 transfers \$150,000 to NDPERS to implement the act.

Section 15 transfers \$100,000,000 from the budget stabilization fund to the NDPERS State Main plan on June 30, 2023.

It spells out legislative intent regarding future funding.

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.*

N/A

- 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.*

Section 12 transfers \$200,000 to OMB for consultant analysis.

Section 13 transfers \$150,000 to NDPERS to implement the act.

Section 18 transfers \$100,000,000 from the general fund to the NDPERS State Main plan.

NDPERS would require additional administration.

2 FTE - \$361,852 in salaries for a biennium and \$28,730 in operating for a total cost of \$390,582 each biennium

3 Full Time Temporary Staff for 1 year - \$152,850 in salaries and \$12,540 in operating for a total cost of \$165,390 for the first biennium.

Sagitec, the software company from which NDPERS licenses its business system, PERSLink, estimates it will take 1,000 hours to convert everything and get programming done for the State Plan. That will cost \$79,240 for the first biennium. Political subdivisions will also need to modify the programming on their payroll reporting systems, the cost of which is unknown.

- 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.*

Section 12 transfers \$200,000 to OMB for consultant analysis.

Section 13 transfers \$150,000 to NDPERS to implement the act.

Section 18 transfers \$100,000,000 from the budget stabilization fund to the NDPERS State Main plan.

SB 2046 divides the PERS DB Plan into a State Plan and a Political Subdivision plan; closes the State's Plan Jan 1, 2023; and provides a .5% employer and employee contribution increase Jan 2024 for the Political Sub Plan.

NDPERS has not had the opportunity to conduct an actuarial analysis of SB 2046 to determine the ongoing effects, or the ongoing costs, of the bill. Nor has SB 2046 been considered by the Employee Benefits Programs Committee, as required by the North Dakota Century Code. However, based on the actuarial analyses of previous bills that closed the State Plan in somewhat similar ways, we anticipate that the state's employer contribution rate for the State Plan will need to increase between 10% and 14% of compensation in order to stabilize the new State Plan and put it on the track toward 100% funding. We can only determine the actual amount necessary to stabilize the new State Plan through an actuarial analysis.

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