



EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Thursday, November 16, 2023
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Austen Schauer, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Austen Schauer, Clayton Fegley*, Patrick Hatlestad, Jorin Johnson, Corey Mock*; Senators Brad Bekkedahl, Sean Cleary, Judy Estenson, Kristin Roers*

Members absent: Representatives Josh Boschee, Jim Kasper; Senator Larry Luick

Others present: See [Appendix A](#)

**Attended remotely*

It was moved by Senator Bekkedahl, seconded by Representative Hatlestad, and carried on a voice vote that the minutes of the March 28, 2023, and April 18, 2023, meetings be approved as distributed.

Ms. Jennifer S. N. Clark, Senior Counsel and Code Revisor, Legislative Council, presented a memorandum entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

Ms. Clark presented a memorandum entitled [Employee Benefits Programs Committee - Statutory Responsibilities and Assigned Statutory Responsibilities - Background Memorandum](#). She reviewed the protocol historically followed by the committee in fulfilling its statutory duties.

It was moved by Senator Roers, seconded by Representative Johnson, and carried on a voice vote that the committee adopt the committee plan proposed in the background memorandum, including adoption of an April 1, 2024, deadline for legislators, Legislative Management interim committees, and state agencies with bill introduction privileges to submit to the Legislative Council legislative proposals that affect retirement system and health benefits programs.

RETIREMENT AND INVESTMENT OFFICE

Ms. Janylyn Murtha, Executive Director, Retirement and Investment Office, and Mr. Scott Anderson, Chief Investment Officer, State Investment Board, provided an overview ([Appendix B](#)) of the Retirement and Investment Office (RIO), a status report on the implementation of 2023 legislation relating to RIO, and the status ([Appendix C](#)) of State Investment Board investments for the legacy fund, Public Employees Retirement System (PERS) funds, and Teachers' Fund for Retirement (TFFR) fund.

Mr. Anderson noted the move to in-house investments is estimated to save \$16 million the 1st year of implementation.

Ms. Dana Woolfrey, Senior Consultant, and Mr. Paul Wood, Actuary, Senior Consultant, and Team Leader, Gabriel, Roeder, Smith & Company Holdings, Inc., provided an overview ([Appendix D](#)) of the TFFR valuation process and the July 1, 2023, actuarial valuation of the TFFR.

Mr. Wood noted:

- A 20-year period to reach full funding is reasonable.
- Employee contributions will automatically decrease once the TFFR reaches 100 percent funding.
- The state should consider whether to implement any changes once the fund reaches full funding.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ms. Rebecca Fricke, Interim Executive Director, Public Employees Retirement System, provided an overview ([Appendix E](#)) of PERS and the status of implementation of 2023 legislation relating to PERS. She noted:

- With the passage of House Bill No. 1040 (2023), the PERS Board determined it would not be ready to implement the closure of the defined benefit plan and the opening of the defined contribution plan by January 1, 2024.
- With the passage of House Bill No. 1547 (2023) during the October 2023 special legislative session, the PERS Board will need to determine if there is a date before January 1, 2025, by which the board will be ready to make the transition.

Ms. Bonnie Wurst, Senior Consultant, Gabriel, Roeder, Smith & Company Holdings, Inc., provided an overview ([Appendix F](#)) of the PERS valuation process and the July 1, 2023, actuarial valuations of the PERS fund, the Highway Patrol Troopers' retirement system fund, public safety funds, the Job Service North Dakota retirement system fund, and the Retiree Health Insurance Credit Program fund.

The committee requested Ms. Wurst to provide the committee with additional information regarding how the state could address the funding concerns with the Highway Patrol Troopers' retirement system fund and to summarize her suggestions regarding how the state could modify all the PERS retirement plans to minimize the risk of funding shortfalls.

CHANGES IN FEDERAL LAW

Ms. Murtha requested ([Appendix G](#)) approval of statutory terminology adopted by the Board of Trustees of the TFFR to comply with the federal requirements pursuant to North Dakota Century Code Section 15-39.1-35.

It was moved by Senator Bekkedahl, seconded by Senator Roers, and carried on a roll call vote to approve the requested terminology change adopted by the Board of Trustees of the TFFR. Representatives Schauer, Hatlestad, and Johnson and Senators Bekkedahl, Cleary, Estenson, and Roers voted "aye." No negative votes were cast.

Ms. Fricke requested ([Appendix H](#)) approval of statutory terminology adopted by the PERS Board to comply with federal requirements pursuant to Section 54-52-23.

It was moved by Senator Roers, seconded by Senator Estenson, and carried on a roll call vote to approve the requested terminology change adopted by the PERS Board. Representatives Schauer, Hatlestad, and Johnson and Senators Bekkedahl, Cleary, Estenson, and Roers voted "aye." No negative votes were cast.

HUMAN RESOURCE MANAGEMENT SERVICES - REPORTS

Mr. Lynn Hart, Total Rewards Manager, Human Resource Management Services Division, Office of Management and Budget, provided a report ([Appendix I](#)), as required under Section 54-06-31, on the implementation, progress, and bonuses provided by state agency programs to provide bonuses to recruit or retain employees in hard-to-fill positions; and biennial reports, as required under Sections 54-06-32, 54-06-33, and 54-06-34, summarizing reports of state agencies providing service awards to employees in classified service, providing employer-paid costs of training or educational courses to employees in classified service, and paying employee membership dues for professional organizations and membership dues for service clubs when required to do business or if the membership is primarily for the benefit of the state.

HEALTH INSURANCE MANDATES

Ms. Clark reviewed the committee's charge under Section 54-03-28(4) to "adopt a procedure for identifying measures and proposed measures mandating health insurance coverage of services or payment for specified providers of services." She noted the law provides "[t]he procedure must include solicitation of draft measures and proposals during the interim between legislative sessions from legislators and agencies with bill introduction privileges and must include deadlines for identification of the measures or proposals." She reviewed Section 54-03-28 and Joint Rule 211 ([Appendix J](#)), which reflects the committee's recommendation from the 2021-22 interim.

Mr. Dylan Wheeler, Head of Government Affairs, Sanford Health Plan, noted he does not oppose the deadline imposed by Joint Rule 211; however, he would support a broader interpretation of what qualifies as a health insurance mandate.

Ms. Clark noted under Joint Rule 211, a bill has never been delayed in being referred to committee due to failure of a cost-benefit analysis being appended to the bill.

The committee decided to carry over the topic of health insurance mandates to a future meeting.

Chairman Schauer set Thursday, April 25, 2024, as the tentative date for the next committee meeting.

No further business appearing, Chairman Schauer adjourned the meeting at 3:08 p.m.

Jennifer S. N. Clark
Senior Counsel and Code Revisor

ATTACH:10