

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and
 2 investment office; to create and enact a new subsection to section 54-44.3-20 and a new
 3 section to chapter 54-52.5 of the North Dakota Century Code, relating to exemptions from the
 4 state employee classification system and an incentive compensation program; to amend and
 5 reenact section 54-52.5-03 of the North Dakota Century Code, relating to operating costs of the
 6 retirement and investment office; and to provide an exemption.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
 9 as may be necessary, are appropriated out of any moneys from special funds derived from
 10 income, to the retirement and investment office for the purpose of defraying the expenses of the
 11 retirement and investment office, for the biennium beginning July 1, 2023, and ending June 30,
 12 2025, as follows:

	<u>Governor's</u>		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
<u>Salaries and wages</u>	<u>\$6,785,839</u>	<u>\$8,744,148</u>	<u>\$6,785,839</u>
<u>Operating expenses</u>	<u>1,323,528</u>	<u>2,570,347</u>	<u>1,323,528</u>
<u>Contingencies</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<u>Total special funds</u>	<u>\$8,209,367</u>	<u>\$11,414,495</u>	<u>\$8,209,367</u>
<u>Full-time equivalent positions</u>	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>
	<u>Adjustments or</u>		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
<u>Salaries and wages</u>	<u>\$6,785,839</u>	<u>\$3,764,387</u>	<u>\$10,550,226</u>
<u>Operating expenses</u>	<u>1,323,528</u>	<u>1,546,409</u>	<u>2,869,937</u>
<u>Contingencies</u>	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>

1	<u>Total special funds</u>	<u>\$8,209,367</u>	<u>\$5,410,796</u>	<u>\$13,620,163</u>
2	<u>Full-time equivalent positions</u>	<u>25.00</u>	<u>9.00</u>	<u>34.00</u>

3 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
4 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
5 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
6 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

7	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
8	Pension administration software implementation	\$0	\$574,900
9	Temporary salaries	<u>0</u>	<u>50,000</u>
10	Total special funds	\$0	\$624,900

11 The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget
12 for the 2025-27 biennium. The retirement and investment office shall report to the
13 appropriations committees of the sixty-ninth legislative assembly on the use of this one-time
14 funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

15 **SECTION 3.** A new subsection to section 54-44.3-20 of the North Dakota Century Code is
16 created and enacted as follows:

17 Investment positions of the state retirement and investment office.

18 **SECTION 4. AMENDMENT.** Section 54-52.5-03 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-52.5-03. State retirement and investment fund - Cost of operation of agency.**

21 A special fund known as the "state retirement and investment fund" is established for the
22 purpose of defraying administrative expenses of the state retirement and investment office. The
23 actual amount of administrative expenses incurred by the state retirement and investment office
24 must be paid from the respective funds listed under section 21-10-06 and are hereby
25 appropriated to the state retirement and investment fund in proportion to the services rendered
26 for each fund as estimated by the state investment board. The amount necessary to pay all
27 administrative expenses of the state retirement and investment office must be paid from the
28 state retirement and investment fund in accordance with the agency's appropriation authority
29 and earnings lawfully available for such purposes. Any interest income earned on the state
30 retirement and investment fund must be credited to the fund.

1 **SECTION 5.** A new section to chapter 54-52.5 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Incentive compensation program.**

4 The state retirement and investment office may develop an incentive compensation
5 program for full-time equivalent investment positions related to the internal management of the
6 investment of funds under the control of the state investment board. The program must promote
7 profitability, productivity, and responsible fund management. The provisions of the program
8 must be approved annually by the state investment board. The provisions must ensure that the
9 payouts do not occur unless the risk-based performance of the investments that are internally
10 managed exceed the risk-based performance of policy benchmarks.

11 **SECTION 6. EXEMPTION - PENSION ADMINISTRATION SYSTEM PROJECT.** The sum
12 of \$9,000,000 appropriated in section 1 of chapter 47 of the 2019 Session Laws and continued
13 into the 2021-23 biennium pursuant to section 3 of chapter 22 of the 2021 Session Laws for the
14 pension administration system is not subject to the provisions of section 54-44.1-11 and any
15 unexpended funds are available for completing the project during the biennium beginning
16 July 1, 2023, and ending June 30, 2025.