

Department 190 - Retirement and Investment Office
Senate Bill No. 2022

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$0	\$11,414,495	\$11,414,495
2023-25 Base Level	0	8,209,367	8,209,367
Increase (Decrease)	\$0	\$3,205,128	\$3,205,128

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$549,864 is for salary increases and \$128,580 is for health insurance increases	\$0	\$678,444	\$678,444
2. Increases funding for new FTE positions approved during the November 2021 special legislative session (\$506,929) and salary equity adjustments (\$151,870)	\$0	\$658,799	\$658,799
3. Transfers \$143,721 of special funds authority from the operating expense line item to the salaries and wages line item	\$0	\$0	\$0
4. Increases funding for operating expenses related to executive staff recruitment searches (\$100,000), inflationary increases (\$157,500), and pension administration software fees (\$977,419)	\$0	\$1,244,919	\$1,244,919
5. Adds one-time funding for pension software implementation, including \$436,000 for temporary staff and \$138,900 for IT fees	\$0	\$574,900	\$574,900

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Line item transfers - Section 3 would allow the Retirement and Investment Office to transfer from the contingencies line item in Section 1 of the bill to all other line items, upon approval of the State Investment Board.

Information technology project exemption - Section 4 would provide an exemption for a pension administration IT project to continue any unexpended 2019-21 biennium funds into the 2023-25 biennium.

Continuing Appropriations

Investment expenses - North Dakota Century Code Section 21-10-06.2 - Investment management, custody, consulting, income offset, and due diligence/education costs.

Benefits and refunds - Section 15-39.1-05.2 - Benefits and refunds from the Teachers' Fund for Retirement.

Administrative charges - Section 15-39.1-05.2 - Income offset and Teachers' Fund for Retirement consulting costs.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The audit for the Retirement and Investment Office conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2021, did not identify any significant audit findings.

The *Schedules of Employer Allocations and Pension Amounts by Employer* prepared for the Retirement and Investment Office and audited by CliftonLarsonAllen LLP, for the period ending June 30, 2021, did not identify any significant audit findings.

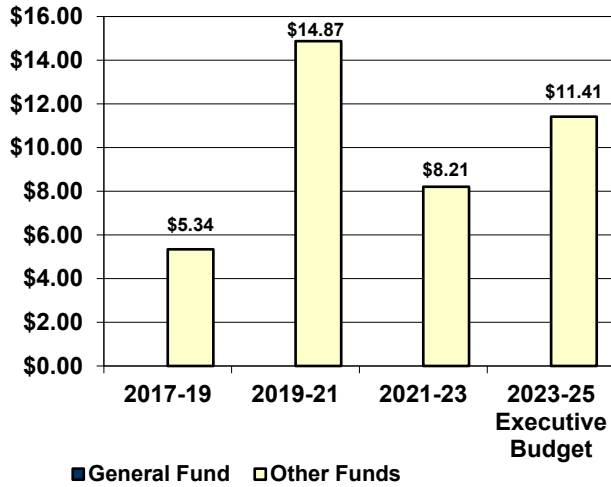
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

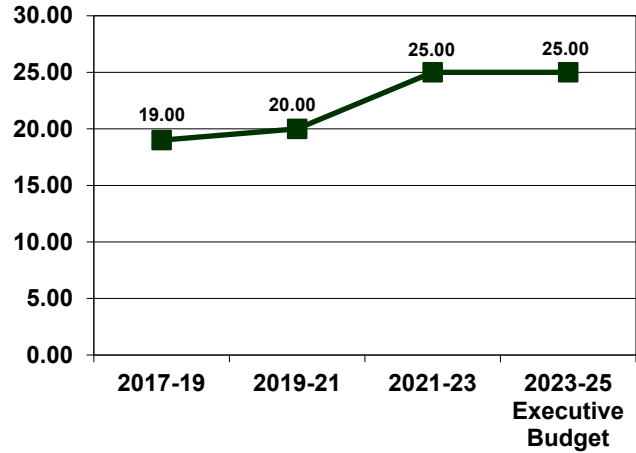
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$5,413,425	\$5,340,054	\$5,869,164	\$8,209,367	\$10,839,595
Increase (decrease) from previous biennium	N/A	(\$73,371)	\$529,110	\$2,340,203	\$2,630,228
Percentage increase (decrease) from previous biennium	N/A	(1.4%)	9.9%	39.9%	32.0%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(1.40%)	8.4%	51.6%	100.2%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Adjusted funding for operating expenses (\$128,390)
- Reduced contingency funding to \$52,000 (\$30,000)

2019-21 Biennium

- Added 1 FTE investment analyst position (\$294,996) and related operating expenses (\$14,450) \$309,446
- Added funding for Microsoft Office 365 license expenses \$12,000

2021-23 Biennium

- Added funding for 4 FTE investment professional positions (\$1,180,653), 1 FTE investment accountant position (\$155,951), and 1 FTE program outreach coordinator position (\$184,183); related operating expenses for the new FTE positions (\$75,000); and salary equity funding (\$211,075) \$1,806,862
- Added 1 FTE investment program analyst position, including \$210,000 for salaries and wages and \$15,000 for operating expenses \$225,000

2023-25 Biennium (Executive Budget Recommendation)

- Increases funding for new FTE positions approved during the November 2021 special legislative session (\$506,929) and salary equity adjustments (\$151,870) \$658,799
- Increases funding for operating expenses related to executive staff recruitment searches (\$100,000), inflationary increases (\$157,500), and pension administration software fees (\$977,419) \$1,244,919

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time other funds appropriations	\$0	\$0	\$9,000,000	\$0	\$574,900

Major One-Time Other Funds Appropriations

2017-19 Biennium

1. None \$0

2019-21 Biennium

1. Pension administration system project \$9,000,000

2021-23 Biennium

1. None \$0

2023-25 Biennium (Executive Budget Recommendation)

1. Pension software implementation, including \$436,000 for temporary staff and \$138,900 for IT fees \$574,900

Retirement and Investment Office - Budget No. 190
Senate Bill No. 2022
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	25.00	\$0	\$8,209,367	\$8,209,367
2023-25 Ongoing Funding Changes				
Cost to continue salary increases			\$41,345	\$41,345
Salary increase			549,864	549,864
Health insurance increase			128,580	128,580
Increases funding for ITD rates			6,721	6,721
Increases funding for FTE positions approved during the 2021 special session			506,929	506,929
Adds funding for salary equity increases			151,870	151,870
Transfers \$143,721 from operating expenses to salaries				0
Adds funding for executive search expenses			100,000	100,000
Adds funding for operating expense inflationary increases			167,500	167,500
Adds funding for pension administration software fees			977,419	977,419
Total ongoing funding changes	0.00	\$0	\$2,630,228	\$2,630,228
One-time funding items				
Adds one-time funding for pension administration software implementation			\$574,900	\$574,900
Total one-time funding changes	0.00	\$0	\$574,900	\$574,900
Total Changes to Base Level Funding	0.00	\$0	\$3,205,128	\$3,205,128
2023-25 Total Funding	25.00	\$0	\$11,414,495	\$11,414,495
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%		32.0%	32.0%
<i>Total changes as a percentage of base level</i>	0.0%		39.0%	39.0%

Other Sections in Retirement and Investment Office - Budget No. 190

Line item transfers

Executive Budget Recommendation

Section 3 would allow the Retirement and Investment Office to transfer from the contingencies line item in Section 1 of the bill to all other line items, upon approval of the State Investment Board.

IT project exemption

Section 4 would provide an exemption for a pension administration IT project to continue any unexpended 2019-21 biennium funds into the 2023-25 biennium.

**SENATE BILL NO. 2022
 (Governor’s Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the state retirement and investment office; to provide for an exemption; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$6,860,839	\$1,883,309	\$8,744,148
Operating Expenses	1,248,528	1,321,819	2,570,347
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total All Funds	\$8,209,367	\$3,205,128	\$11,414,495
Less Estimated Income	<u>8,209,367</u>	<u>3,205,128</u>	<u>11,414,495</u>
Total General Fund	\$ 0	\$ 0	\$ 0
Full-time Equivalent Positions	25.00	0.00	25.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET – REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
PASS project	<u>\$0</u>	<u>\$ 574,900</u>
Total Special Funds	\$0	\$ 574,900

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

SECTION 3. APPROPRIATION LINE ITEM TRANSFERS. Upon approval of the state investment board, the retirement and investment office may transfer from their contingency line item in section 1 of this Act to all other line items. The agency shall notify the office of management and budget of each transfer made pursuant to this section.

SECTION 4. EXEMPTION. The amount appropriated in section 1 of chapter 47 of the 2019 session laws for the pension administration system project is not subject to section 54-44.1-11 and any unexpended funds are available for completing the project during the biennium beginning July 1, 2023 and ending June 30, 2025.