

House Bill 1022 Supplemental Testimony 1/21/25

State Investment Program

Assets under Management (AUM) of the investment program has grown in size from last biennium. Current AUM increased approximately 3.5 billion since the end of FY2023. AUM at FY23 was approximately \$19.5 billion while the current AUM is over \$23 billion AUM.

Teachers' Fund for Retirement (TFFR)

Based on the most recent valuation, the contribution rates are expected to fully fund NDTFFR in 2043, and as such, the current member and employer contribution rates are expected to be sufficient to meet the board financing objectives. The funded ratio on an actuarial value of assets basis on July 1, 2024 was 71.63%. The actuarial accrued liability as of July 1, 2024 was \$4.8 billion, with an actuarial value of assets at \$3.4 billion, leaving an unfunded liability of \$1.3 billion.

Updated Comparison agency request/recommendation for Armstrong Budget

Line Item Description	2023-25 Base Budget	2025-27 Executive Recommendation	2025-27 Total Agency Request
Salaries and Wages	\$ 10,338,543	\$ 12,321,923	\$ 15,184,481
Operating Expenses	2,731,037	3,743,483	4,026,133
Contingencies	200,000	200,000	200,000
Total Special Funds	\$ 13,269,580	\$ 16,265,406	\$ 19,410,614
FTE	34	34	44

- Armstrong removed one FTE recommended in the Burgum budget along with associated operating budget for that FTE.

Other bills being considered and potential impact on our budget added since our testimony on 1/13/25:

- HB 1163 – Legacy Fund School Construction Loan fund
- HB 1319 – Legacy Fund disclosure website
- HB 1330 – Divestment from legacy fund investments in Chinese companies
- HB 1348 – Repeal RIO's removal of the fiscal and investment FTE's from OMB's classified system.
- HB 1435 – Legacy Fund definition and Legacy earnings fund
- HB1453 – Relating to prohibiting natural assets companies and to provide a penalty
- SB 2134 – Allow Superintendent and Treasurer to appoint a designee to the TFFR Board
- SB 2151 – County and township bridge fund and a legacy earnings tax relief fund
- HB 1285 – Transfer of General Fund to TFFR Fund

2025-2027 Budget Request

Line Item Description	Base Budget	Adjustments to Base to meet Budget Limit	Adjusted Base	Optional #1	Optional #2	Optional #3	Optional #4	Optional #5	Total Agency Request
				2nd Half New Positions	Cost to Continue IT Hosting/ Support	Cost to Continue HR	Incremental Agency Evolution/ Retirement Ed	Internal Investment 2.0	
Salaries and Wages	\$ 10,338,543	70,450	\$ 10,408,993	1,236,914	-	142,302	418,092	2,978,180	\$ 15,184,481
Operating Expenses	2,731,037	(208,822)	2,522,215	-	1,201,268	-	90,450	212,200	4,026,133
Contingencies	200,000	(200,000)	-	-	-	-	200,000	-	200,000
Total Special Funds	\$ 13,269,580	(338,372)	\$ 12,931,208	1,236,914	1,201,268	142,302	708,542	3,190,380	\$ 19,410,614
FTE	34	-	34	-	-	-	2	8	44
Included in Exec Recommendation (Armstrong)				1,236,914	1,201,268		220,000		

Optional Packages

#1 2nd Half of internal investment positions appropriated during the 2023 Legislative Assembly. Further information starting on page 9 of our full testimony

	Salary & Benefits	Operating Expenses	Contingency	Special Funds
Additional Operating Comm	-	21,500	-	21,500
Increased NDIT charges	-	129,768	-	129,768
Increased PAS hosting support fees	-	800,000	-	800,000
Fiscal Op Software Consultant	-	250,000	-	250,000
		1,201,268		1,201,268
Further information starting on page 10 of our full testimony.				

	Salary & Benefits	Operating Expenses	Contingency	Special Funds
Additional Comm FTE	184,864	18,800	-	203,664
Additional Internal Auditor FTE	233,228	16,650	-	249,878
Investment Conference Continuation	-	20,000	-	20,000
Retirement Ed Initiative*	-	35,000	-	35,000
Contingency **	-	-	200,000	200,000
	418,092	90,450	200,000	708,542
Notes: * NDIT/other support for TFFR Membership Survey & materials, ** Contingency fee for potential exec searches				
Further information starting on page 12 of our full testimony.				

	Salary & Benefits	Operating Expenses	Contingency	Special Funds
5 Additional Invest FTE*	2,133,410	149,500	-	2,282,910
3 Additional Fiscal FTE**	844,770	62,700	-	907,470
	2,978,180	212,200		3,190,380
Notes: * Additional investment professionals to support the internal investment program averaging \$160,000/year. ** 2 additional fiscal professionals averaging \$90,000/year and 1 at \$120,000/year to support the split of the CFO/COO position.				
Further information starting on page 14 of our full testimony.				

#3 Agency Cost-to-Continue Salaries Internship Funding - Further information starting on Page 11 of our full testimony.