

November 2000

## EMPLOYEE BENEFITS PROGRAMS COMMITTEE BILLS

The Employee Benefits Programs Committee is required by North Dakota Century Code (NDCC) Section 54-35-02.4 to “consider and report on those legislative measures and proposals over which it takes jurisdiction and which affect, actuarially or otherwise, the retirement programs of state employees or employees of any political subdivision, and health and retiree health plans of state employees or employees of any political subdivision.” A majority of the committee members, acting through the chairman, has sole authority to determine whether any legislative measure “affects” a public employees program. The committee is required to make a thorough review of any measure or proposal that it takes under its jurisdiction, including an actuarial review. In addition, the committee is required to take jurisdiction over any measure or proposal that authorizes an automatic increase or other change in benefits beyond the ensuing biennium which would not require legislative approval, and the committee must include in its report a statement that the proposal would allow future changes without legislative involvement. Each retirement, insurance, or retiree insurance program is required by Section 54-35-02.4 to “pay, from its retirement, insurance, or retiree health benefits fund, as appropriate, and without the need for a prior appropriation, the cost of any actuarial report required by the committee which relates to that program.”

The following bill drafts have been submitted for review by the Employee Benefits Programs Committee:

Employee Benefits Programs Committee Bill No.	Sponsor or Source	Topic
<b>TEACHERS’ FUND FOR RETIREMENT (TFFR)</b>		
3	Representative Brandenburg	Provides that if a retired teacher returns to teaching and subsequently retires with more than four years of additional credited service, the retired teacher’s annuity for all years of service must be computed under NDCC Section 15-39.1-10(2) (age 65 or Rule of 85)  <b>NOTE:</b> This bill has been withdrawn pursuant to the sponsor’s request.
69	TFFR	Increases the benefit multiplier from 1.85 to 2.00 percent; provides a postretirement benefit increase of \$2 per month multiplied by a member’s number of years of service credit plus \$1 per month multiplied by the number of years since the member’s retirement; also provides for an automatic benefit increase of five-tenths of one percent of an individual’s current monthly benefit, and the increased benefit would be payable each month beginning on July 1 of each year of the ensuing biennium and beyond
70	TFFR	Changes the definition of contract to include written agreements with special education units; changes the definition of teacher to include persons employed by state agencies and special education units and persons contractually employed by a separate state institution, state agency, special education unit, school board, or other governing body of a school district under a third-party contract; reduces the time period within which a retired teacher may return to covered employment from 60 calendar days to 30 calendar days and allows the retired member to return to covered employment for less than four hours each day and continue to receive a monthly retirement benefit or return to covered employment for four or more hours each day for a maximum of 90 working days and continue to receive a monthly retirement benefit; provides that if a teacher subsequently retires with more than two years of additional earned credited service, the retired person’s annuity is the greater of the sum of the discontinued annuity, plus an additional annuity computed according to NDCC Chapter 15-39.1 based upon years of service and average salaries earned during the period of reemployment plus an

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		<p>postretirement benefit adjustments granted during the period of reemployment, or a recalculated annuity computed according to Chapter 15-39.1 based on total years of service credit earned during both employment periods offset by the actuarial value of payments already received; provides that certain TFFR records relating to the retirement benefits of a member or a beneficiary may be disclosed to a member's participating employer, the Public Employees Retirement System, state or federal agencies, and member interest groups approved by the board</p> <p>The committee amended the proposal at the request of the TFFR Board of Trustees to remove state agency from the definition of teacher; change the return to work provisions from the current limit of 90 working days of four or more hours of teaching to a maximum of 700 hours per year; and incorporate the provisions of Employee Benefits Programs Committee Bill No. 3 which provides that if a retired teacher returns to teaching and subsequently retires with more than four years of additional credited service, the retired teacher's annuity for all years of service must be computed under NDCC Section 15-39.1-10(2) (age 65 or Rule of 85) but change the recalculation from four years to five years of additional credited service.</p>
95	Senator Holmberg	Allows retired teachers to return to teaching in critical shortage areas or disciplines as determined by the TFFR Board by rule
226	TFFR	Establishes the Teachers' Fund for Retirement plan as both a contributory and noncontributory retirement plan
<p><b>PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)</b>  <b>Public Employees Retirement System Main System</b></p>		
71	PERS	Increases the benefit multiplier from 1.89 to 2.00 percent; establishes a procedure for determining a member's beneficiary; provides that if a participating member repurchases service the member did not elect to repurchase upon reemployment, the member must pay to the board an amount equal to the greater of the actuarial cost to the fund of providing the credit or the amount the member received upon taking a refund of the member's account balance; allows members to purchase service credit with either pretax or aftertax moneys; provides a postretirement adjustment of six percent of the present benefit; provides a prior service adjustment of six percent of the present benefit; provides that the Public Employees Retirement System Board may share retirement records as needed by an employer to validate the employer's compliance with existing state or federal laws, the Retirement and Investment Office, state or federal agencies, and interest groups approved by the board; allows the Public Employees Retirement System to administer more than one deferred compensation program; defines employee for purposes of the deferred compensation program as a person who is at least 18 years of age and employed in an approved and regularly funded position of unlimited duration for 20 hours or more per week and at least five months each year, including members of the Legislative Assembly; repeals NDCC Section 54-52-17.9 relating to prior service retiree adjustments

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73	PERS	<p>The committee amended the proposal at the request of the retirement board to change the purchase of service provisions from the actuarial cost to the fund of providing the credit or the amount the member received upon taking a refund of the member's account balance to the actuarial cost to the fund to provide the credit or the amount the member received upon taking a refund of the member's account balance, plus interest at the actuarial rate of return from the time the member was issued the refund.</p> <p>Provides that permanent and total disability for Supreme Court and district court judges is based solely on a judge's inability to perform judicial duties arising out of physical or mental impairment; provides that for Supreme Court and district court judges who do not elect a single life, joint and survivor, level Social Security, or life with 5-year or 10-year retirement payment option, that retirement benefits must be in the form of a lifetime monthly pension with 50 percent of the benefit continuing for the life of the surviving spouse, if any; provides that participants in the judges' retirement system are entitled to receive a two percent postretirement adjustment in their present monthly benefit beginning January 1, 2002, and again on January 1, 2003; repeals NDCC Section 54-52-17.12 relating to postretirement adjustments for Supreme Court and district court judges</p>
88	Senator Lindaas	<p>The committee amended the bill at the request of the retirement board to clarify that the optional benefit forms must be an actuarially equivalent option.</p> <p>Provides that payments for overtime must be included as wages and salaries for purposes of calculating benefits under the Public Employees Retirement System</p>
191	PERS	<p>The committee amended this bill at the request of the sponsor to provide an appropriation of \$7,300 to the PERS Board to administer its provisions.</p> <p>Establishes the Public Employees Retirement System retirement plans as both contributory and noncontributory retirement plans</p>
74	PERS	<p><b>Highway Patrolmen's Retirement System</b></p> <p>Allows contributors to the Highway Patrolmen's retirement system to purchase additional service credit from rollovers from other qualified plans purchase additional credit for up to four years of active employment in the armed forces of the United States, purchase credit for employer-approved leaves of absence, and purchase additional years of service credit to enable the contributor to qualify for normal retirement; increases the benefit multiplier from 3.40 to 3.60 percent of final average salary for the first 25 years of service; provides a postretirement increase in the benefit multiplier from 3.40 to 3.60 percent of final average salary; provides an increase for individuals receiving disability retirement benefits of six percent of the individual's present benefits; provides for the determination of beneficiaries under the Highway Patrolmen's retirement system; allows members of the Highway Patrolmen's retirement system to purchase service credit with either pretax or aftertax moneys</p> <p>The committee amended the bill at the request of the retirement board to clarify that the purchase of service credit applies to both normal benefits and additional benefits.</p>

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<b>Defined Contribution Retirement Plan</b>		
50	Representatives Wald and Grande	Provides that all state employees except Supreme Court or district court judges or employees of the State Board of Higher Education and state institutions under the jurisdiction of the board who are eligible to participate in TIAA-CREF may elect to become members of the defined contribution retirement plan
51	Representatives Wald and Grande	Extends the time period within which state employees eligible to participate in the defined contribution retirement plan may elect to participate in the plan until December 31, 2001
72	PERS	<p>Provides that eligible employees may elect to participate in the defined contribution retirement plan on the date the employee is first notified of eligibility as well as at any time during the first six months after the date of employment, whichever is later; provides that deferred members who are reemployed have six months after the date of reemployment or the date the employee is first notified of eligibility, whichever is later, rather than 60 days, to elect to participate in the defined contribution retirement plan; provides that participants who become employed by a political subdivision that participates in the Public Employees Retirement System must remain in the defined contribution retirement plan, but participants who become employees of the judicial branch, the State Board of Higher Education, a state institution under the jurisdiction of the State Board of Higher Education, Highway Patrol, or in a position subject to Teachers' Fund for Retirement membership must become a new member of the retirement plan for which that member's new position is eligible; allows participating members to roll over funds from other qualified plans into the member's account; allows distribution of the participating member's vested account balance if the board determines the participating member has become totally and permanently disabled</p> <p>The committee amended the proposal at the request of the retirement board to change the election provisions to allow the board, in its sole discretion, to determine whether an employee was adequately notified of the employee's option to participate in the defined contribution retirement plan, and if not, to provide the employee a reasonable time within which to make the election, which may extend beyond the original six-month election window; revise participation requirements to provide that if an employee elected to participate in the defined contribution retirement plan, but becomes employed by a political subdivision, that employee continues to participate in the defined contribution retirement plan and to clarify that an employee who moved from a nonclassified position in which the employee selected the defined contribution retirement plan to the Supreme Court or State Board of Higher Education the employee would maintain the employee's membership in the defined contribution retirement plan rather than being required to switch to the defined benefit plan, and add a provision to allow direct rollovers from other Internal Revenue Code Section 401 plans.</p>
<b>Retiree Health Insurance Credit Fund</b>		
77	PERS	Increases the retiree health credit from \$4.50 to \$5

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<b>UNIFORM GROUP INSURANCE PROGRAM</b>		
2	Senator Andrist	<p>Provides that eligible employees who are eligible to participate in the uniform group insurance program at the family plan rate who have medical and hospital benefits coverage under a health insurance plan provided to another member of the eligible employee's family who is not insured under the uniform group insurance program and the eligible employee does not enroll in the uniform group insurance program are entitled to receive a monthly payment equal to 60 percent of the family plan rate; provides that if eligible employees who are eligible to participate in the uniform group insurance program at the family plan rate elect to participate at the single plan rate and forego family coverage, the eligible employee is entitled to receive a monthly payment equal to one-half of the difference between the family plan rate and the single plan rate provided no member of the eligible employee's family is insured under the uniform group insurance program</p>
49	Senator T. Mathern	<p>Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the Public Employees Retirement System Board</p> <p>The bill was amended at the request of the sponsor to make the provisions governing individual coverage contingent on being able to underwrite the coverage; include a provision allowing the use of risk-adjusted premiums for private sector employers; and to provide that the bill becomes effective when the board receives notification from the federal government of the uniform group insurance program's exempt status under the Employee Retirement Income Security Act to allow for the expansion of the uniform group insurance program, the board determines that utilizing medical underwriting requirements and risk-adjusted premiums does not violate the Health Insurance Portability and Accountability Act, and the board enters a contract with an insurer to provide coverage pursuant to the Act.</p> <p>The committee amended the bill at the request of the sponsor to make the provisions governing individual coverage contingent on the Public Employees Retirement System Board being able to underwrite the coverage; include a provision allowing the use of risk-adjusted premiums for private sector employers; and to provide that the bill becomes effective when the board receives notification from the federal government of the uniform group insurance program's exempt status under the Employee Retirement Income Security Act to allow for the expansion of the uniform group insurance program, the board determines that utilizing medical underwriting requirements and risk-adjusted premiums does not violate the Health Insurance Portability and Accountability Act, and the board enters a contract with an insurer to provide coverage pursuant to the Act.</p>
75	PERS	<p>Transfers from NDCC Section 54-52.1-06 to Section 54-52-04 authority of the Public Employees Retirement System Board to use amounts credited to the separate uniform group insurance program fund in excess of the costs of the administration of the uniform group insurance program to reduce the amount of premium amounts paid monthly by enrolled members of the uniform group insurance program, to reduce increases in premium amounts paid monthly by enrolled members, or to provide increased insurance coverage to members, as determined by the board provides that retirees who have accepted a periodic distribution from the defined contribution retirement plan are eligible for retiree health benefits</p>

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		<p>provides that premium payment amount and history for any available insurance coverage are confidential, but the board may disclose certain information and records to persons or entities to which the board is required to disclose information pursuant to federal statutes or rules</p> <p>The committee amended the bill at the request of the retirement board to require the executive director of the Public Employees Retirement System to transfer \$475,000 from the public employees life insurance program fund to the uniform group health insurance program fund for the purpose of increasing the health insurance reserve.</p>
76	PERS	Requires the Public Employees Retirement System Board to establish a dental plan for eligible employees and retirees by July 1, 2002
213	Senator T. Mathern	Allows nonprofit corporations organized for the purpose of providing residential services for developmentally disabled, chronically mentally ill, and physically disabled persons to participate in the uniform group insurance program subject to minimum requirements established by the Public Employees Retirement System Board
<b>OLD-AGE AND SURVIVOR INSURANCE SYSTEM (OASIS)</b>		
78	Job Service North Dakota	Increases primary insurance benefits under the Old-Age and Survivor Insurance System fund
<b>ALTERNATE FIREFIGHTERS RELIEF ASSOCIATION PLANS</b>		
79	Senators Grindberg and C. Nelson; Representative Hawken	<p>Provides that a firefighters relief association may adopt an alternate pension plan for its members with a service benefit of 2.5 percent of final salary with final salary for a first-class firefighter being the final salary at the time of the member's retirement and final salary for officers or members of higher rank being the average salary for the last five years of employment; provides a postretirement adjustment of two percent of the member's present benefits</p> <p>The committee amended the bill at the request of the sponsor to include a disability benefit and replace the postretirement adjustment of two percent of the member's present benefit with a 13th check.</p>