

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1216

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1216

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1216 A

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 1-26-01

Tape Number	Side A	Side B	Meter #
1	X		1562-3906
Committee Clerk Signature <i>Robin L. Small</i>			

Minutes:

REP. M. KLEIN called the meeting to order with all committee members present.

In favor:

REP. FRANK WALD introduces the bill. WALD talks about passing legislation last session allowing non-classified officials to participate in a defined contribution retirement plan. This bill extends the time frame in which these people can enroll.

Neutral:

SPARB COLLINS, EXECUTIVE DIRECTOR NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM OR PERS

Please see attached testimony.

REP. KROEBER asks about the amount on the bill, where does this come from? COLLINS states that they come from the administrative assessment. REP. KROEBER asks if someone has

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House Government and Veterans Affairs Committee  
Bill/Resolution Number HB 1216 A  
Hearing Date 1-26-01

ever opted out of the program? COLLINS it does not allow them to go back to the other program.

REP. KASPER asks if this is for classified or non classified employees? COLLINS replies that it is just for non classified employees.

REP. METCALF asks why are we changing the dates of the window time again? COLLINS replies that this time it would be a permanent window. REP. METCALF asks about the bad effects on the actuarial? COLLINS replies that this would review no actuarial.

REP. GRANDE makes a point of clarification to the committee.

REP. METCALF asks REP. GRANDE if this would be the last time that this would be looked at? REP. GRANDE replies that would be her intent.

Neutral:

JEFF NELSON, NDLC

NELSON reviews the whole bill with the committee.

REP. DEVLIN asks what is the actual window then? NELSON replies that it would be Sept. 30, 2001 through Dec. 14, 2001.

REP. HUNSKOR asks if this has surfaced as of a request of a non classified employee?

NELSON replies that it would give employees another option.

REP. HAAS about the fixed figure. NELSON replies that they can change the that assumption.

In favor:

ART THOMPSON, PUBLIC RELATIONS MANAGER FOR THE NORTH DAKOTA  
WORKERS COMPENSATION

Speaking on behalf of PAUL KRAMER. Please see attached testimony.

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House Government and Veterans Affairs Committee  
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REP. METCALE asks what is the percentage of workers that have asked for this window of opportunity to be reopened? THOMPSON does not have an exact number.

The hearing was then closed.

There was no action taken on this bill at this time.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1216 B

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2/2/01

Tape Number	Side A	Side B	Meter #
1	X		924-1593
Committee Clerk Signature <i>Robin S. Small</i>			

Minutes:

REP. M. KLEIN called the hearing to order with all members present except REP. CLEARY.

REP. GRANDE explains the amendments to the committee, that have been proposed.

REP. CLARK motions to accept the amendments, seconded by REP. MEIER.

REP. M. KLEIN took a voice vote on the amendments, voice vote passes. REP. BELLFW motions for a DO PASS AS AMENDED, seconded by REP. CLARK. REP. M. KLEIN took the roll call with 14 YES, 0 NO, 1 ABSENT AND NOT VOTING. The motion carries. The CARRIER of the bill is REP. GRANDE.

HB 1216: DO PASS AS AMENDED 14-0

CARRIER: REP. GRANDE

## FISCAL NOTE

Requested by Legislative Council

01/12/2001

Bill/Resolution No.: HB 1216

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$3,780		
Appropriations				\$3,780		

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditure amount includes \$3,000 for assistance in calculating the transfer amounts and \$780 for meeting expenses for the new enrollment

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Additional appropriation authority will be needed to authorize the above expenditures

Name:	Sparb Collins	Agency:	North Dakota Public Employees Retirement System
Phone Number:	328-3901	Date Prepared:	01/16/2001



10051.0201  
Title.0300

Adopted by the Government and Veterans  
Affairs Committee  
February 2, 2001

VK  
2/2/01

HOUSE AMENDMENTS TO HB 1216 HOUSE GVA 2/2/01

Page 3, line 24, overstrike "and employee" and overstrike "pursuant to sections"

Page 3, line 25, overstrike "54-52-05 and 54-52-06" and insert immediately thereafter "less  
vested employer contributions pursuant to section 54-52-11.1"

Page 3, line 26, after "election" insert "and the employee account balance"

Renumber accordingly

Date: 8-2-2001

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. NB 1216

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Subcommittee on \_\_\_\_\_

or

☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken accept amendments

Motion Made By Clark Seconded By Meier

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN			REP KROEBER		
VICE CHAIR GRANDE					
REP BELLEW					
REP BRUSEGAARD					
REP CLARK					
REP DEVLIN					
REP HAAS					
REP KASPER					
REP KLEMIN					
REP MEIER					
REP WIKENHEISER					
REP CLEARY					
REP HUNSKOR					
REP METCALF					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 2-2-2001

Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1216

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Subcommittee on \_\_\_\_\_

or

☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken So Pass As Amended

Motion Made By Bellew Seconded By Clark

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP KROEBER	✓	
VICE CHAIR GRANDE	✓				
REP BELLEW	✓				
REP BRUSEGAARD	✓				
REP CLARK	✓				
REP DEVLIN	✓				
REP HAAS	✓				
REP KASPER	✓				
REP KLEMIN	✓				
REP MEIER	✓				
REP WIKENHEISER	✓				
REP CLEARY					
REP HUNSKOR	✓				
REP METCALF	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep. Grande

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1216: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1216 was placed  
on the Sixth order on the calendar.

Page 3, line 24, overstrike "and employee" and overstrike "pursuant to sections"

Page 3, line 25, overstrike "54-52-05 and 54-52-06" and insert immediately thereafter "less  
vested employer contributions pursuant to section 54-52-11.1"

Page 3, line 26, after "election" insert "and the employee account balance"

Renumber accordingly

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1216

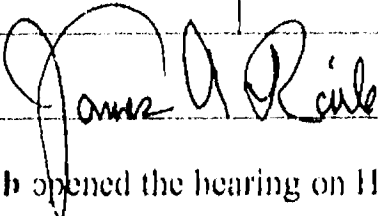
# 2001 SENATE STANDING COMMITTEE MINUTES

## BILL/RESOLUTION NO. HB 1216

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date March 1, 2001

Tape Number	Side A	Side B	Meter #
1		X	18.0-32.9
March 22, 2001 3	X		0.0-11.1
Committee Clerk Signature 			

Minutes: **Chairman Krebsbach** opened the hearing on HB 1216 which relates to participation in the defined contribution retirement plan. **Bette Grande, Representative** from district 41 and a primary sponsor of the bill appeared before the committee to introduce the proposed legislation. The clerk reviewed the fiscal note for the committee. **Representative Grande** indicated that what HB 1216 does it takes the bill we had two years ago where we started an optional program of a defined contribution plan under the PERS for non classified employees to participate in a defined contribution plan. What we have done here, at the request of some members of the workers comp division that they have felt they had not made the right decision. They wanted to have the chance to opt into the defined contribution plan. They had not taken that opportunity when it was offered before. In doing so we presented the bill to reopen that window so that they can take another look at being a part of the defined contribution plan. All this is, is a window opening opportunity. We opened the window and the opportunity to participate will be there for a limited time. About the time the bill is put in place until December

14, 2001 employees will have a chance to review their assets and see if they wish to be a part of the defined contribution program. Very simply put, what this bill does is allow those employees who are non classified to look at their retirement options and make a choice. **Senator C. Nelson** indicated she was wondering why when the people at workers comp had the same opportunity as everybody else to become a part of this program, are we giving them a second shot at this.

**Representative Grande** indicated she only brought them as an example as she was sure there are others in other departments who are looking at the same thing. She thinks that it was such a new idea that there were a lot of people who were still walking the fence and since this was an optional thing for them, they just hadn't taken the opportunity. She thinks that a big part of that right now when you are looking at the market and the market is low. If she had her option she would be buying in real fast. This is her opinion and she is not certain what their feelings on that are. She thinks that is really a part of what that is at this point. Maybe they are also looking at the portability concept of being able to take this with them should they want to leave. **Senator T. Mathern** inquired why there were limitations placed on this in the first place.

**Representative Grande** indicated that it was, if she'd had her druthers she wouldn't have a closing part for that. She thinks for the benefit of the defined benefit plan to not have that constant change and fluctuation it was nice to have that closing point for the people who implement the defined contribution benefit plan. It is fairly typical, in research she has done across the country, that have the defined benefit contribution plans, and not all states leave it as an open window such as North Dakota has, where you have an option of defined benefit or defined contribution. Other states have gone into a everybody will be moving into defined contribution. We didn't want to do that. We wanted our employees to have a greater flexibility in the options to decide which plan they wish to be in. In doing so this lended some stability.

There were no further questions from the committee. **Sparb Collins**, representing PERS spoke about the amendments put on on the house side. He indicated the amendments were merely to do some technical clarifications. One of the issues as you may recall from last session for the defined benefit plan was the change to a hybrid plan, the portability enhancement provision was added to it and became effective on January 1, after the end of the session. One of the things we did here, underneath this bill we are required to calculate the employer and employee contributions. What we want to do now is clarify that the PEP program is in place. Employees will actually have employer contributions in their account balances. We didn't want to double count the employer contributions and so the amendments clarify that they would be, clarified that for purposes of that calculation. **Senator C. Nelson** asked Mr. Collins to give a brief description of the PEP program. **Mr. Collins** indicated the Portability Enhancement Program or PEP that was passed in the last legislative session changed the defined benefit system to a hybrid system. The purpose of it was in response to the study that was requested by the legislature on pension portability. The issue was in the defined benefits plan, if an employee left before drawing a retirement benefit they could withdraw from the system but they could only withdraw from the system their account balance. Their account balance was just the employee contribution plus interest at 7 1/2%. The PEP program allows an employee to also add to their account balance the employer contribution as well. Thus, making the employer contribution portable to them should they decide to leave employment before retiring and drawing a retirement benefit. How they do that is it is done on an incentive basis. If an employee puts money into the supplemental retirement plan which is the 457 plan, they put up the amount they want and we will add the employer contribution into the account balance in the defined benefit plan. Who this is of primary benefit to is employees who are non career employees who retire before drawing a



retirement. Now they can take with them the employer and employee contribution. The other issue it responded to was the issue of the value of a members stake in the retirement plan. Now that the employer contribution can also be added to the account balance it would make the amount available to his survivors greater. That is why this is sort of a hybrid plan. Questions were offered by **Senators Kilzer, T. Mathern, and Wardner**. **Mr. Collins** responded. There was nothing further. **Chairman Krebsbach** closed the hearing on HB 1216. On March 22, 2001, Chairman Krebsbach reopened the discussion on HB 1216. **Senator C. Nelson** moved a Do Not Pass on HB 1216, seconded by **Senator T. Mathern**. **Senator C. Nelson** indicated she believed that initially Sparb and his crew did a great job of advertising this. The people had ample opportunity to join. The stock market is going down and she is not sure who would opt in now, but you know they had their time to make the decision. You didn't make it and now you live with it. **Senator T. Mathern** indicated he didn't believe he saw one employee come to testify in support of this, no person on their own. One did but, I'm a little concerned about why we are doing this. It was pretty clear to him that the motivation there wasn't from individuals themselves. **Art Thompson**, public relations with ND Workers Comp came to the podium at the request of Chairman Krebsbach. He indicated that he apologizes for the fact that they were not able to be at the hearing when this bill was initially heard. He indicated that two of the bills sponsors asked the executive director Paul Kramer to snoop around and see if there was any interest and those employees who did not switch over when they had the first opportunity, if they would be willing to do so. There was quite a few of them that said they would like to have another opportunity. Right now we have 109 employees enrolled in the defined contribution plan. 74 remain in the defined benefits. It would provide another opportunity for those 74. Questions were offered from **Senators C. Nelson and T. Mathern**. Sparb Collins returned to the

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1216

Hearing Date March 1, 2001

podium and responded to questions from **Senator C. Nelson** and **Senator Kilzer**. Roll Call

Vote on the Do Not Pass motion indicated 2 Yeas, 4 Nays, and 0 Absent or Not Voting. The

motion failed. A Motion for Do Pass was made by **Senator Wardner**, seconded by **Senator**

**Kilzer**. Roll Call Vote indicated 4 Yeas, 2 Nays, and 0 Absent or Not Voting. Senator Wardner will carry the bill.

Date: 3/22/01  
Roll Call Vote #: 1

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB 1216**

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Sen. C. Nelson Seconded By Sen. T. Mather

[illegible]

Total (Yes) 2 No 4

Absent 0

### Floor Assignment

**If the vote is on an amendment, briefly indicate intent:**

### Roll Call Vote #

**BILL/RESOLUTION NO.** HB 1216

## Committee

☐ Conference Committee

Legislative Council Amendment Number

### Action Taken

Sen Wardner

[illegible]

**Total (Yes)**

**Absent**

### Floor Assignment

**If the vote is on an amendment, briefly indicate intent:**

**REPORT OF STANDING COMMITTEE (410)**  
**March 23, 2001 7:28 a.m.**

**Module No: SR-51-6480**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1216, as engrossed: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman) recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1216 was placed on the Fourteenth order on the calendar.**

2001 TESTIMONY

HB 1216

**REPORT OF THE LEGISLATIVE COUNCIL'S  
EMPLOYEE BENEFITS PROGRAMS COMMITTEE  
BILL NO. 51**

**Sponsor:** Representatives Francis J. Wald and Bette Grande

**Proposal:** 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 September 30, 2001.

**Actuarial Analysis:** The consulting actuary reported that because approximately 200 people elected to participate in the optional defined contribution plan during the original window period and the actuarial impact to the plan was minimal that it anticipated the impact of this bill to be minimal as well.

**Committee Report:** Favorable recommendation.

**REPORT OF THE LEGISLATIVE COUNCIL'S  
EMPLOYEE BENEFITS PROGRAMS COMMITTEE  
BILL NO. 51**

**Sponsor:** Representatives Francis J. Wald and Bette Grande

**Proposal:** 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.

**Actuarial Analysis:** The consulting actuary reported that because approximately 200 people elected to participate in the optional defined contribution plan during the original window period and the actuarial impact to the plan was minimal that it anticipated the impact of this bill to be minimal as well.

**Committee Report:** Favorable recommendation.



TESTIMONY  
OF  
SPARB COLLINS  
ON  
HB 1216

Mr. Chairman, members of the committee, good morning. My name is Sparb Collins. I am the Executive Director of the North Dakota Public Employees Retirement System, or PERS.

I appear before you today neither in favor nor opposed to HB 1216. I am here to request a technical amendment to the bill and to request an appropriation.

The proposed technical amendment is on page 3, line 24, 25 and 26. The purpose of this amendment is to insure that employer contributions are not counted twice in the calculations of the transfer amount for the employee. The reason why this change is requested at this time is because of the new Portability Enhancement Program (PEP) passed by the last legislative session that became effective at the same time this retirement system became effective. As a result of that new legislation, employer contributions are now reflected in an employees account balance and are available to them for distribution. The result of this change is that if the wording used last was continued in providing the new option it is very likely that part of the employer contribution could be counted twice. Therefore, this clarifying amendment is to make

sure the employer contribution is only counted once in calculating the employer transfer amount.

The second request is for an appropriation to be added to this bill. We are requesting an appropriation amount of three thousand seven hundred and eighty dollars (\$3,780).

Three thousand dollars (\$3,000) would be utilized to hire a temporary employee to assist our accounting staff in calculating the transfer amount for the non-classified employees.

Last time this effort was extremely time consuming. We don't believe it will be this time because the transfer amount will only need to be updated. The remaining seven hundred eighty dollars (\$780) is for expenses associated with meetings and providing information to the non-classified group, so they are aware they have this additional election opportunity and may make the appropriate considerations.

Mr. Chairman, members of the committee, this concludes my testimony.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 3, after "plan" insert "; and to provide an appropriation"

Page 3, line 24, overstrike "and employee"

Page 3, line 24, after "made" insert ", less vested employer contributions pursuant to section 54-52-11.1"

Page 3, line 24, overstrike "pursuant to sections"

Page 3, line 25, overstrike "54-52-05 and 54-52-06"

Page 3, line 26, after "election" insert "and the employee account balance"

Page 3, line 28, after the period insert the following:

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the administrative expenses account established pursuant to section 54-52.6-06, not otherwise appropriated, the sum of \$3,780.00, or so much of the sum as may be necessary, to the Public Employees Retirement System Board for the purpose of administering this chapter, for the kiennium beginning July 1, 2001, and ending June 30, 2003.

Renumber Accordingly

## **HOUSE BILL No. 1216**

**Fifty-Seventh Legislative Assembly  
Before the House Government and Veterans Affairs Committee  
January 26, 2001  
Testimony Regarding the Defined Contribution State Retirement Plan**

Good morning Chairman Klein, members of the House Government and Veterans Affairs Committee. For the record, I am Paul Kramer the Executive Director and CEO of North Dakota Workers Compensation. I am here this morning to testify in support of House Bill No. 1216.

House Bill No. 1216 would allow employees who chose not to change from the defined benefit plan to the defined contribution plan when it first became available, the opportunity to change plans now. I believe that we may have some employees who will switch, if they have another opportunity.

NDWC thinks that allowing employees options with their retirement plan has been very beneficial in recruiting and retaining high quality employees. We have received positive feedback from all employees who switched plans. Some of the positive comments about the defined contribution plan include more flexibility and a feeling of more self-control over their retirement.

As of Monday, January 22, 2001, North Dakota Workers Compensation had 183 employees who were participating in a state retirement program. Of the 183 employees, 109 are enrolled in the defined contribution plan, and 74 are in the defined benefit plan.

Since the defined contribution plan went into effect, we have had 33 new employees start at NDWC. Of those new employees, 19 enrolled in the defined contribution plan, 4 enrolled in the defined benefit plan, and 10 are still within their six-month window of opportunity to choose a specific plan.

On behalf of myself and the employees of North Dakota Workers Compensation, I ask for your favorable consideration on House Bill No. 1216.