

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2072

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2072

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2072

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-16-01

Tape Number	Side A	Side B	Meter #
1	x	x	48.4-3.8
Committee Clerk Signature <i>Donis E. Pirez</i>			

The committee was called to order. All members present. The hearing was opened on SB 2072 relates to primary insurance benefits under the old-age and survivor insurance system.

James Hirsch: (Director, Centralized Services, NDJS; Supports) See Attached Testimony.

Senator Klein: So this is just an issue the employment committee looks at every 2 years?

James Hirsch: That is how it seems to work.

Hearing closed on SB 2072.

Motion made to pass by Senator Krebsbach. Seconded by Senator D. Mathern.

Roll call taken 7-0-0. Floor carrier is Senator Klein.

FISCAL NOTE
Requested by Legislative Council
12/15/2000

Bill/Resolution No.: SB 2072

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	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

This bill provides for an increase in the Old Age and Survivors Insurance System (OASIS) primary benefit. This will result in an increase of \$20.00 per month in benefits for the survivors effective August 2001 and August 2002. Currently, seven surviving spouses continue to receive benefits. Each beneficiary will receive an increase of \$20.00 per month. The fiscal impact is calculated using the Life Expectancy Tables for North Dakota obtained from the U.S. Department of Health and Human Services. The cost to the OASIS fund for the 01-03 biennium is \$4,480 and \$6,720 for the 03-05 biennium. The Special Fund is the Old Age and Survivors Insurance System Fund.

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.*

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.*

Name:	Wayne Kindem	Agency:	Job Service North Dakota
Phone Number:	328-3033	Date Prepared:	01/05/2001

Roll Call Vote #:

BILL/RESOLUTION NO. 2072

Committee

Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

By

[illegible]**Total**

(Yes)

No

Absent

Floor Assignment

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

REPORT OF STANDING COMMITTEE (410)
January 16, 2001 2:18 p.m.

Module No: SR-06-1064
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2072: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2072 was placed
on the Eleventh order on the calendar.

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2072

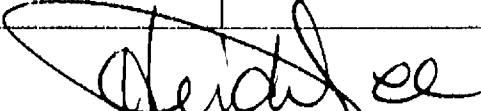
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2072

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date Feb. 28, 2001

Tape Number	Side A	Side B	Meter #
1		X	3-8.6
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietzsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Ray Gudaites: *Job Service ND* **Written testimony in support.**

Chairman Berg: Close the hearing.

Rep. Froseth: I move a do pass.

Rep. Severson: I second.

13 yea, 0 nay, 2 absent

Carrier Rep N. Johnson

Date: 2-28-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2072

House Industry, Business and Labor Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Froseth Seconded By Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich			Rep. Doug Lemieux		
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 13 No 0

Absent 2

Floor Assignment Rep Johnson

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

REPORT OF STANDING COMMITTEE (410)
February 28, 2001 2:08 p.m.

Module No: HR-34-4510
Carrier: N. Johnson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2072: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2072 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SB 2072

SENATE BILL 2072
Testimony Before the Senate Committee On
Industry, Business and Labor
Senator Mutch, Chairman
January 16, 2001

Mr. Chairman and members of the committee, I am Jim Hirsch Director of Centralized Services of Job Service North Dakota. Chapter 52-09 of the North Dakota Century Code (NDCC) governs the operation of the Old Age and Survivor Insurance System (OASIS) and makes Job Service North Dakota responsible for its administration.

Senate bill 2072 increases the OASIS primary benefit amount by \$26.66 per month on August 1, 2001, and on August 1, 2002.

The OASIS Program provided a retirement program for state and local government employees between 1947 and 1957. It was discontinued when federal Social Security coverage became available for these employees. Covered employees eligible to retire before 1957, and their spouses, are entitled to receive benefits from the system for life. There are no longer any living primary beneficiaries, but there are 7 surviving spouses still receiving benefits. Their ages range from 88 to 98. The current monthly benefit payments range from \$634 to \$652. The monthly total of retirement benefits paid out of the OASIS retirement fund is \$4,507.

The OASIS Program does not provide automatic cost of living adjustments. The legislature has, however, increased primary benefit amounts each session since 1967. Increases have ranged from \$10.00 to \$133.33 per month. Below is a detailed listing of the increases.

1967 and 1969	\$10.00 for each year
1971 and 1973	\$30.00 for each year
1975 and 1977	\$10.00 for each year
1979 through 1984	\$10.00 for each year
1985 through 1996	\$20.00 for each year
1997 and 1998	\$133.33 for each year

The current biennium increases are \$66.66 in each year, 1999 and 2000.

Surviving spouses are entitled to 75% of the primary benefit amount, which for years 1999 and 2000 is \$50.00.

Benefits are paid from the OASIS Trust Fund. Equal employer and employee contributions originally funded this fund. There have been no employee contributions withheld since 1957. Employer contributions were last collected for the calendar year 1989. The tax trigger was removed by the 1999 Legislature. The current fund balance is approximately \$205,000.

The small number of beneficiaries remaining limits the dependability of the projections using Life Expectancy Tables. However, assuming life expectancy tables are dependable, attached are spreadsheets with projections for the proposed \$26.66 increase in the primary beneficiary amount for each year of the next biennium using the Life Expectancy Tables for North Dakota obtained from the U.S. Department of Health and Human Services.

The proposed \$26.66 increase will increase the survivors' monthly benefit by \$20.00 each month. The spreadsheets for PY 2001 and PY 2002 indicate that the fund may fall short. However, again the small number of beneficiaries remaining makes it impossible to predict.

The Legislative Employee Benefits Committee had requested Job Service to determine the cost of purchasing an annuity for the remaining seven surviving spouses. An actuarial consultant performed the calculation. Included in the estimate is a 3.5% annual COLA. The estimated annuity purchase cost as of December 31, 2000 is \$212,951. This does not include expense-loading fees or additional charges for administration added to the cost of an annuity purchase.

The consultant did recommend that the current benefit payment method continue. The make-up of the beneficiary group suggests that this is the best approach. Any company which sell annuities will add administrative costs and a profit margin, thus increasing the cost to the state.

Mr. Chairman, this concludes my testimony. I will try to answer any questions from the committee. Thank you.

PY 2000

\$20 increase each year beginning 2001

OASIS FUNDING USAGE

		PY 00	PY 01	PY 02	PY 03	PY 04	PY 05
		7/00-6/01	7/01-6/02	7/02-6/03	7/03-6/04	7/04-6/05	7/05-6/06
		+A (8/00)	+B (8/01)	+C (8/02)	+D (8/03)	+E (8/04)	+F (8/05)
Age on 6/30/00	Benefit/mo						
M M / 88	62	\$7,558.88	\$7,858.88	\$8,098.88	\$8,138.88	\$8,138.88	\$1,356.48
C Z / 88	57	\$7,621.88	\$7,921.88	\$8,161.88	\$8,201.88	\$6,151.41	\$0.00
M M H/92	47	\$7,725.32	\$8,025.32	\$8,265.32	\$7,613.21	\$0.00	\$0.00
M C/92	38	\$7,705.76	\$8,005.76	\$8,245.76	\$1,380.96	\$0.00	\$0.00
A F W / 96	36	\$7,718.96	\$8,018.96	\$8,258.96	\$0.00	\$0.00	\$0.00
L S S / 101	2	\$1,195.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
E E / 98	24	\$7,540.52	\$7,840.52	\$0.00	\$0.00	\$0.00	\$0.00
P S / 98	23	\$7,513.16	\$7,158.73	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL		\$54,580.28	\$54,830.05	\$41,030.80	\$25,334.93	\$14,290.29	\$1,356.48

Beginning Balance	on 8/7/2000	\$235,236.08	\$186,241.42	\$135,792.24	\$96,872.09	\$71,896.40	\$56,841.45
Benefits Paid		54,580.28	54,830.05	41,030.80	25,334.93	14,290.29	1,356.48
Admin Cost		5,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Earnings		10,585.62	8,380.86	6,110.65	4,359.24	3,235.34	2,557.87
Ending Balance		\$186,241.42	\$135,792.24	\$96,872.09	\$71,896.40	\$56,841.45	\$54,042.84

	A - Aug/00	B - Aug/01	C - Aug/02	D - Aug/03	E - Aug/04	F - Aug/05
Increase per month	50	20	20			
year	0	1	2	3	4	5
						6

PY 2001

\$20 in 2001 and 2002

OASIS FUNDING USAGE

/Age on 6/30/01	Duration (Months)	7/1/2001 Benefit/mo	PY 01 PY 02 PY 03 PY 04 PY 05				
			7/01-6/02 +A (8/01)	7/02-6/03 +B (8/02)	7/03-6/04 +C (8/03)	7/04-6/05 +D (8/04)	7/05-6/06 +E (8/05)
M M / 89	58	\$638.24	\$7,858.88	\$8,098.88	\$8,138.88	\$8,138.88	\$6,782.40
C Z / 89	53	\$643.49	\$7,921.88	\$8,161.88	\$8,201.88	\$8,201.88	\$3,417.45
M M H / 93	44	\$652.11	\$8,025.32	\$8,265.32	\$8,305.32	\$5,536.88	\$0.00
M C / 93	35	\$650.48	\$8,005.76	\$8,245.76	\$7,595.28	\$0.00	\$0.00
A F W / 97	34	\$651.58	\$8,018.96	\$8,258.96	\$6,915.80	\$0.00	\$0.00
E E / 99	22	\$636.71	\$7,840.52	\$6,727.10	\$0.00	\$0.00	\$0.00
P S / 99	21	\$634.43	\$7,813.16	\$6,029.87	\$0.00	\$0.00	\$0.00
TOTAL		\$4,507.04	\$55,484.48	\$53,787.77	\$39,157.16	\$21,877.64	\$10,199.85
Beginning Balance							
Benefits Paid			186,241.42	\$135,137.81	\$83,431.24	\$44,028.48	\$18,150.84
Admin Cost			55,484.48	53,787.77	39,157.16	21,877.64	10,199.85
Earnings			4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Ending Balance			8,380.86	6,081.20	3,754.41		
			\$135,137.81	\$83,431.24	\$44,028.48	\$18,150.84	\$3,950.99

Increase per month year	A - Aug/01 B - Aug/02 C - Aug/03 D - Aug/04 E - Aug/05				
	20	20	3	4	5
0	1	2	3	4	5

PY 2002

\$20 in 2001 and 2002

OASIS FUNDING USAGE

		PY 02	PY 03	PY 04	PY 05	PY 06
		7/02-6/03	7/03-6/04	7/04-6/05	7/05-6/06	7/06-6/07
		+A (8/02)	+B (8/03)	+C (8/04)	+D (8/05)	+E (8/06)
Duration	7/1/2002					
(Months)	Benefit/mo					
M M / 90	54	\$658.24	\$8,098.88	\$8,138.88	\$8,138.88	\$4,069.44
C Z / 90	49	\$663.49	\$8,161.88	\$8,201.88	\$8,201.88	\$683.49
M M H / 94	42	\$672.11	\$8,265.32	\$8,305.32	\$4,152.56	\$0.00
M C / 94	33	\$670.48	\$8,245.76	\$6,214.32	\$0.00	\$0.00
A F W / 98	32	\$671.58	\$8,258.96	\$5,532.64	\$0.00	\$0.00
E E / 100	20	\$656.71	\$8,060.52	\$0.00	\$0.00	\$0.00
P Sc / 100	19	\$654.43	\$8,053.16	\$4,721.01	\$0.00	\$0.00
TOTAL		\$4,647.04	\$57,164.48	\$51,365.49	\$36,393.04	\$20,493.42
						\$4,752.93
Beginning Balance		135,137.81	\$80,054.53	\$28,291.49	-\$10,828.43	-\$35,321.85
Benefits Paid		57,164.48	51,365.49	36,393.04	20,493.42	4,752.93
Admin Cost		4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Earnings		6,081.20	3,602.45	1,273.12		
Ending Balance		\$80,054.53	\$28,291.49	(\$10,828.43)	(\$35,321.85)	(\$44,074.78)

	A - Aug/02	B - Aug/03	C - Aug/04	D - Aug/05	E - Aug/06
20					
0	1	2	3	4	5
year					