

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2083

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2083

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2083

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date January 19, 2001

Tape Number	Side A	Side B	Meter #
1	X		18.5-36.0
1		X	13.4-14.4
Committee Clerk Signature <i>James A. Kreis</i>			

Minutes: Chairman Krebsbach opened the hearing on SB 2083 which relates to post retirement adjustments for supreme and district court judges under the public employees retirement system.. She indicated that the bill has a fiscal note and asked the clerk to read the narrative to the committee. Appearing before the committee to explain the proposed bill was Sparb Collins, Executive Director of the North Dakota Public Employees Retirement System. A copy of Mr. Collins testimony is attached. In his testimony he conducted a section by section review of the bill. Senator T. Mathern posed a question concerning section one concerning physical and mental impairment as determined by the PERS Board. Is this a case by case assessment, or do you have a general description of disability that would be applicable? Mr. Collins indicated that there is a standard definition of disability and part of that definition is that you are unable to return to your job or any equivalent job. We have a procedure in place where a medical consultant examines each disability and makes the determination as to whether it meets that standard. With this provision what we are changing in that definition is that it would not be

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB 2083

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because they are unable to return to their present job or any equivalent job, it would just be that they are unable to return to their present job. Senator Dever inquired if the judges retirement program and the public employees program to be out of the same funds? Mr. Collins indicated under the PERS statute 54-52 that statute sets up three retirement plans, the main plan, the judges plan and the national guard plan. We do account actuarially for those systems each separately. Each has their own level of assets, each has their own liabilities, each generates their own gains or losses. As such each one is unique. They are provided for in the same statutory references. Appearing before the committee was Justice Gerald VandeWalle, Chief Justice of the North Dakota Supreme Court who supports SB 2083. Justice VandeWalle offered responses of his own to the questions that had been asked by Senator T. Mathern and Senator Dever. Justice Neumann also a member of the Supreme Court appeared before the committee and indicated that he too supports SB 2083. There was nothing further concerning SB 2083. Chairman Krebsbach closed the hearing on SB 2083. Committee Action, Tape 1, Side B, (Meter #'s 13.4-14.4) Senator Dever moved a Do Pass on SB 2083, seconded by Senator C. Nelson Roll Call Vote indicated 6 Yeas, 0 Nays, 0 Absent or Not Voting. Senator Dever will carry the bill.

## FISCAL NOTE

Requested by Legislative Council  
12/14/2000

Bill/Resolution No.: SB 2083

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
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

**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 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.*

This bill will have no effect on state expenditures since no additional employer or employee contribution is required. The proposed benefit enhancement will be paid for with existing funds in their retirement system.

**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.*

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	Public Employees Retirement System
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Phone Number: 328-3901

Date Prepared: 12/20/2000

Date: 1/19/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2083

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

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

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

Action Taken Do Pass

Motion Made By Sen. Dever Seconded By Sen. C. Nelson

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator Carolyn Nelson	✓	
Senator Dick Dever, Vice-Chr.	✓		Senator Tim Mathern	✓	
Senator Ralph Kilzer	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Dever

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

**REPORT OF STANDING COMMITTEE (410)**  
January 19, 2001 12:33 p.m.

Module No: SR-09-1290  
Carrier: Dever  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2083: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)**  
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2083  
was placed on the Eleventh order on the calendar.

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2083

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2083

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3/1/01

Tape Number	Side A	Side B	Meter #
1	X		0-1409
		X	2551-2684
Committee Clerk Signature <i>Robin J. Small</i>			

Minutes:

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

In favor:

SPARB COLLINS EXECUTIVE DIRECTOR OF THE ND PERS

Please see attached testimony.

REP. M. KLEIN asks about the line item 1, on page one. COLLINS hits on the basics.

Permanent and total disability. Based on criteria.

REP. M. KLEIN asks about the actuarial option. COLLINS replies that the level of social security option procedure will stay the same.

REP. M. KLEIN asks if there are any judges covered under the old system? COLLINS replies no there is not.

REP. KASPER asks about the disability definition.

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House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2083

Hearing Date 3/1/01

REP. KROEBER asks what is the level retirement is based on? COLLINS states that it is 70% of final salary less social security and workmen's comp.

REP. KASPER asks if any of the employees have defaulted and not selected an option?

COLLINS replies that he is not sure.

REP. M. KLEIN asks if there is a 3.2 margin left? COLLINS replies yes, that is correct.

REP. CLEARY comments that she does know of a judges wife that did not receive retirement.

In favor:

CHIEF JUSTICE GERALD VANDEWALLE, SELF

VANDEWALLE states to the committee that he recalls a couple of judges that were ill while serving on the bench that had to take a cut in pay because of illness. There was no benefits or retirement plans then.

No questions.

No opposition.

The hearing was then closed.

Action was taken later in the day.

REP. DEVLIN motioned for a DO PASS, seconded by REP. CLARK. The roll call was taken with 15 YES, 0 NO. Motion carries. The CARRIER of the bill is REP. KASPER.

SB 2083: DO PASS 15-0

CARRIER: REP. KASPER

Date: 3-1-01

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2083

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

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

Action Taken No Pass

Motion Made By Devlin 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) 15 No 0

Absent \_\_\_\_\_

Floor Assignment Rep. Kasper

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

**REPORT OF STANDING COMMITTEE (410)**  
March 1, 2001 1:00 p.m.

Module No: HR-35-4601  
Carrier: Kasper  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2083: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)**  
recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2083  
was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SB 2083

**TESTIMONY**  
**OF**  
**SPARB COLLINS**  
**ON**  
**SB 2083**

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

SB 2083 relates to the judges' retirement system administered by PERS. As of June 30, 2000 there were 48 active members in the judges' system with an average of 10 years service and an average age of approximately 54 years. Also, on that date 9 retired judges and 6 beneficiaries of judges were receiving benefits under this system.

Section 1 of SB 2083 relates to eligibility for disability in the judges retirement system. Specifically this change states that a judge would be classified as disabled if he or she meets either of the following criteria:

1. If they are unable to perform judicial duties arising from physical or mental impairment as determined by the PERS Board.
2. If a judge is removed pursuant to subdivision A of subsection 3 of section 27-23-03 which states that on the recommendation of the judicial conduct commission, the

supreme court may retire a judge for a disability that seriously interferes with the performance of his or her duties and is, or is likely to become, permanent.

Section 2 of SB 2083 changes the name of the standard retirement from single life benefit to a "normal" retirement benefit for judges. This section also deletes paragraph 3 since this provision has already been implemented.

Section 3 of SB 2083 provides that for a judicial member who retires after September 30, 2001, if no optional form of benefit is selected, the retirement benefit will be paid in the normal form of an automatic unreduced 50% joint and survivor annuity for married participants and single life annuity for single participants. This means that for married participants there will not be a reduction in benefits to have a 50% joint and survivor annuity. This is a benefit similar to one provided in the Highway Patrol Retirement System.

Section 4 of SB 2083 provides for a 2% annual adjustment for judges with an adjustment on January 1, 2002 and a second adjustment on January 1, 2003. Previous legislatures have authorized 2% adjustments on January 1, 2001, 2000, 1999, and 1998.

Section 5 of SB 2083 repeals section 54-52-17.12 of the 1999 supplement since that provision has already been implemented.

This bill has been reviewed by our actuary who has determined that these enhancements can be paid for by the available funds in the judges retirement system with no increase in the required employer or employee contribution. The actuary has also determined that this can be done on an actuarially sound basis. The interim Legislative Employee Benefits Committee reviewed this bill and the actuarial analysis. That committee gave this bill a favorable recommendation.

Madam Chair, members of the committee, on behalf of the PERS Board I request your favorable consideration of this bill.

This concludes my testimony.

**REPORT OF THE LEGISLATIVE COUNCIL'S  
EMPLOYEE BENEFITS PROGRAMS COMMITTEE  
SENATE BILL NO. 2083**

**Sponsor:** Retirement Board

**Proposal:** 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, 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; and repeals NDCC Section 54-52-17.12, relating to postretirement adjustments for Supreme Court and district court judges.

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.

**Actuarial Analysis:** The reported actuarial cost impact of the proposal, as amended, is 4.70 percent of pay. The following table summarizes the actuarial cost impact of the proposed changes:

	<b>Current Results</b>	<b>50% J+S Normal Form</b>	<b>Eligibility for Disability Benefits</b>	<b>Ad-Hoc COLA</b>	<b>Combined Plan Changes</b>
Actuarial accrued liability	\$11,846,335	\$12,877,882	\$11,698,937	\$11,982,443	\$12,868,592
Normal cost	\$761,961	\$852,026	\$783,439	\$761,961	\$674,346
Required contribution	\$258,847	\$423,912	\$569,691	\$268,806	\$445,558
As a percent of pay	6.50%	10.65%	6.78%	6.75%	11.20%

Thus, if this bill is enacted, the remaining margin in the judges' retirement system will be 3.32 percent ( $8.02 - (11.20 - 6.50) = 3.32$ ).

**Committee Report:** Favorable recommendation.