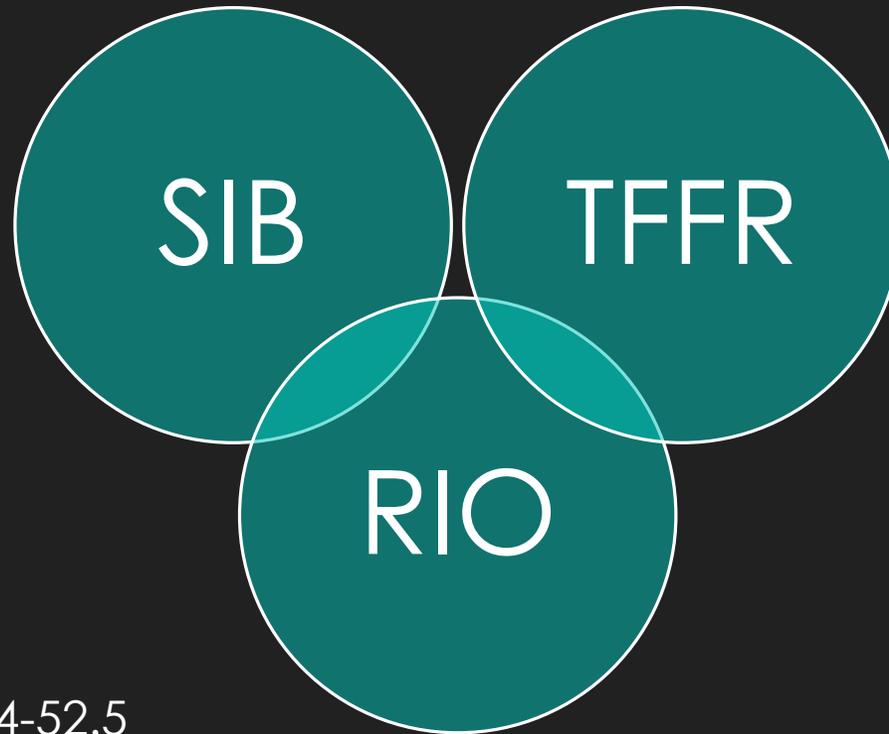


House Bill 1022
Senate Appropriations Committee
March 17, 2021
North Dakota Retirement and Investment Office Testimony

NDRIO supports 2 “Special Fund” Programs

SIB - Investment Program
NDCC Ch. 21-10
\$18+ Billion in Assets



TFFR – Retirement Program
NDCC Ch. 15-39.1
\$2.9 Billion in Assets

RIO Agency
NDCC Ch. 54-52.5
2021-23 Budget Request - \$6,365,008
+ PAS Project Carryover

RIO Budget Goals & Initiatives

Needed to achieve:

- (1) fiduciary obligations,
- (2) performance expectations and
- (3) agency initiatives.

PAS Project

IT Unification

Strategic
Communication

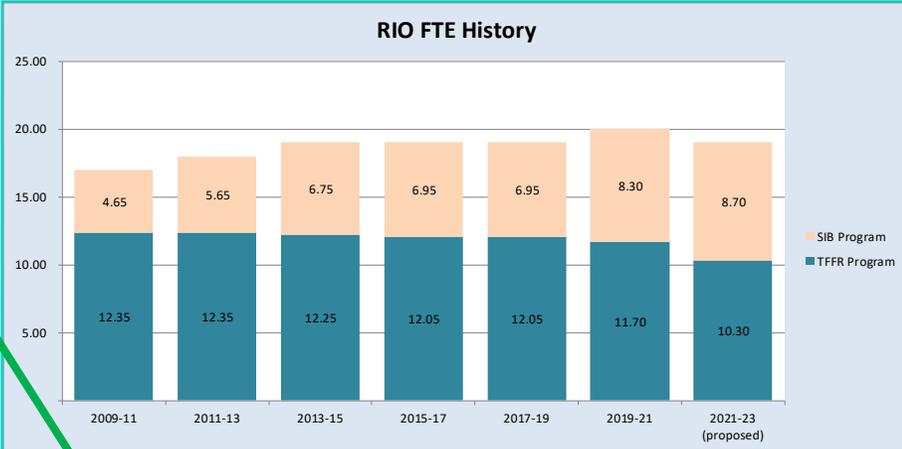
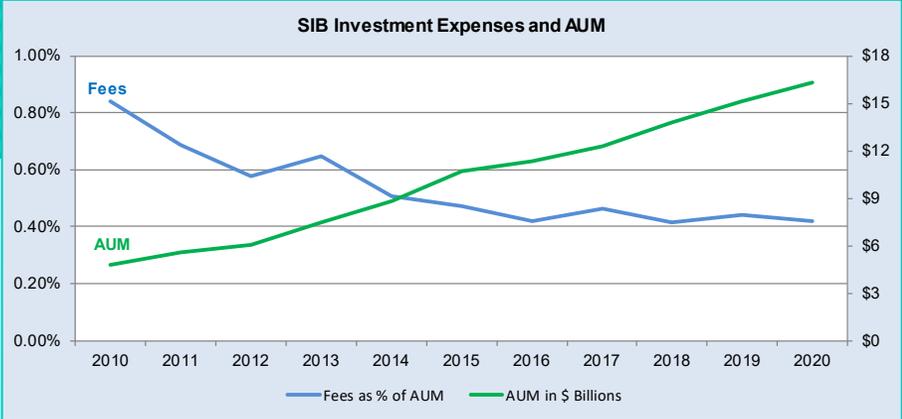
Requested Amendments to HB 1022

Request	House Action	Impact
PIO FTE Request	Removed	<ul style="list-style-type: none"> No current FTE dedicated to strategic communication for either program. PIO recommended by consultant as part of PAS Needed for in-state investment initiative.
HB 1425 Fiscal Note Impact (in-state investment initiative)	House passed HB 1425 but did not amend HB 1022 to include fiscal note.	<ul style="list-style-type: none"> 1 additional FTE for investment analyst position.
IT Unification	Removed	<ul style="list-style-type: none"> Approved by NDIT in 12/2020; 3rd party cyber security assessment supports; Budget neutral impact. <u>Without</u> unification need: + \$70K in Desktop support; <u>or</u> \$45K in equipment cost.
Increase Contingency Fee from \$52K to \$125K.	Removed	<ul style="list-style-type: none"> Need for possible move to a state owned building; Savings of \$50K+ per biennium.

HB 1022 – Requested Amendments (Senate)

Retirement and Investment Office

	Salaries & Benefits	Operating	Contingency	Total	FTE
Legislative Base Budget	4,928,230	888,934	52,000	5,869,164	20
Base Budget Changes	159,934	(107,934)	(52,000)	-	
Governor's Recommendations					
Restore full funding for 20 current FTEs (optional request #1)	25,000			25,000	
Governor's 2% salary increases and benefit funding	161,031			161,031	
NDIT desktop support (optional request #2)		70,920		70,920	
Additional MS 365 costs added by Governor		2,203		2,203	
Restore current contingency line funding (optional request #3-partial)			52,000	52,000	
Total included in Governor's recommendation	186,031	73,123	52,000	311,154	
House Changes					
Correction for incorrect salary in original budget request	11,225			11,225	
Remove Governor's 2% salary increase and benefit funding	(161,031)			(161,031)	
Removed NDIT desktop support		(70,920)		(70,920)	
House salary and benefits changes	107,416			107,416	
Total House Changes	(42,390)	(70,920)	-	(113,310)	
Current HB1022 Second Engrossment	5,231,805	783,203	52,000	6,067,008	20
Requested Amendments					
Additional FTE for Public Information Officer	210,000			210,000	1
Additional operating expenses for new FTE		15,000		15,000	
Remove 2 FTE for IT Unification (move to operating) **	(449,476)	449,476		-	(2)
Increase contingency line funding			73,000	73,000	
Total Requested Amendments	(239,476)	464,476	73,000	298,000	(1)
Total Requested Appropriation	4,992,329	1,247,679	125,000	6,365,008	19



**** If the IT Unification is not approved for RIO, additional operating line appropriation will be needed for IT Equipment replacement in the 2021-23 biennium based on the agency's equipment replacement schedule of 5-6 years. Last full replacement was in 2017. Estimated cost is \$45,000. IT equipment replacement is included in Desktop Support with IT Unification.**

RIO Budget – Executive Summary:

- 1) SIB investments increased from \$5 billion in 2010 to \$18 billion in 2020 (up 260%)
- 2) SIB fees declined from 0.84% in 2010 to 0.42% in 2020 (down 50%)
- 3) RIO Requested Amendments of \$298,000 represents only 5.1% increase from base budget;
- 4) Additional contingency line appropriation needed for possible RIO office move to State owned building (WSI) per on-going State leadership dialogue.

Please note requested amendments to House version

Net effect of PIO request and IT Unification is a decrease of 1 FTE for agency.