

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2022

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and
 2 investment office; to create and enact a new subsection to section 54-44.3-20 and a new
 3 section to chapter 54-52.5 of the North Dakota Century Code, relating to exemptions from the
 4 state employee classification system and an incentive compensation program; to amend and
 5 reenact section 54-52.5-03 of the North Dakota Century Code, relating to operating costs of the
 6 retirement and investment office; ~~and~~ to provide an exemption; to provide a report; and to
 7 declare an emergency.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
 10 as may be necessary, are appropriated out of any moneys from special funds derived from
 11 income, to the retirement and investment office for the purpose of defraying the expenses of the
 12 retirement and investment office, for the biennium beginning July 1, 2023, and ending June 30,
 13 2025, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
16 Salaries and wages	\$6,785,839	\$3,764,387	\$10,550,226
17 Operating expenses	1,323,528	1,546,409	2,869,937
18 Contingencies	100,000	100,000	200,000
19 Total special funds	\$8,209,367	\$5,410,796	\$13,620,163
20 Full-time equivalent positions	25.00	9.00	34.00
21 <u>Salaries and wages</u>	<u>\$6,785,839</u>	<u>\$2,124,208</u>	<u>\$8,910,047</u>
22 <u>Operating expenses</u>	<u>1,323,528</u>	<u>1,546,409</u>	<u>2,869,937</u>
23 <u>Contingencies</u>	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>

1	<u>Total special funds</u>	<u>\$8,209,367</u>	<u>\$3,770,617</u>	<u>\$11,979,984</u>
2	<u>Full-time equivalent positions</u>	<u>25.00</u>	<u>9.00</u>	<u>34.00</u>

3 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
4 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
5 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
6 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

7	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
8	Pension administration software implementation	\$0	\$574,900
9	Temporary salaries	<u>0</u>	<u>50,000</u>
10	Total special funds	\$0	\$624,900

11 The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget
12 for the 2025-27 biennium. The retirement and investment office shall report to the
13 appropriations committees of the sixty-ninth legislative assembly on the use of this one-time
14 funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

15 **SECTION 3.** A new subsection to section 54-44.3-20 of the North Dakota Century Code is
16 created and enacted as follows:

17 Investment and fiscal operations positions of the state retirement and investment office
18 necessary for the management of the investment of funds under the control of the
19 state investment board.

20 **SECTION 4. AMENDMENT.** Section 54-52.5-03 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **54-52.5-03. State retirement and investment fund - Cost of operation of agency.**

23 A special fund known as the "state retirement and investment fund" is established for the
24 purpose of defraying administrative expenses of the state retirement and investment office. The
25 actual amount of administrative expenses incurred by the state retirement and investment office
26 must be paid from the respective funds listed under section 21-10-06 and are hereby
27 appropriated to the state retirement and investment fund in proportion to the services rendered
28 for each fund as estimated by the state investment board. The amount necessary to pay all
29 administrative expenses of the state retirement and investment office must be paid from the
30 state retirement and investment fund in accordance with the agency's appropriation authority

1 and earnings lawfully available for such purposes. Any interest income earned on the state
2 retirement and investment fund must be credited to the fund.

3 **SECTION 5.** A new section to chapter 54-52.5 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Incentive compensation program - Report to legislative management.**

6 The state retirement and investment office may develop an incentive compensation
7 program for full-time equivalent investment and fiscal operations positions ~~related to the~~
8 ~~internal~~necessary for the management of the investment of funds under the control of the state
9 investment board. The program must promote profitability, productivity, and responsible fund
10 management. The provisions of the program must be approved annually by the state
11 investment board. The provisions must ensure that the payouts do not occur unless the risk-
12 based performance of the investments that are internally managed exceed the risk-based
13 performance of policy benchmarks. Any amounts paid under this program must be considered
14 compensation and not personal profit on behalf of the employee. Each interim, the state
15 retirement and investment office shall provide at least one report to the legislative management
16 regarding the status of the program, including the provisions of the program; the total amount of
17 incentives paid out to employees each year; and the minimum, maximum, and average payout
18 per eligible full-time equivalent position.

19 **SECTION 6. EXEMPTION - PENSION ADMINISTRATION SYSTEM PROJECT.** The sum
20 of \$9,000,000 appropriated in section 1 of chapter 47 of the 2019 Session Laws and continued
21 into the 2021-23 biennium pursuant to section 3 of chapter 22 of the 2021 Session Laws for the
22 pension administration system is not subject to the provisions of section 54-44.1-11 and any
23 unexpended funds are available for completing the project during the biennium beginning
24 July 1, 2023, and ending June 30, 2025.

25 **SECTION 7. REPORT TO BUDGET SECTION.** Prior to the implementation of the incentive
26 compensation program under section 5 of this Act and after approval of the program by the
27 state investment board, the state retirement and investment office shall provide a report to the
28 budget section regarding the provisions of the program, during the period beginning with the
29 effective date of this Act and ending June 30, 2025.

30 **SECTION 8. EMERGENCY.** Section 7 of this Act is declared to be an emergency measure.