

Department 190 - Retirement and Investment Office
Senate Bill No. 2022

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$0	\$13,620,163	\$13,620,163
2023-25 Base Level	0	8,209,367	8,209,367
Increase (Decrease)	\$0	\$5,410,796	\$5,410,796

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Incentive compensation - Section 3 amends North Dakota Century Code Section 54-44.3-20 to exempt investment positions of the Retirement and Investment Office staff from the state employee classification system. Section 5 creates a new section to Chapter 54-52.5 relating to an incentive compensation program.

Information technology project exemption - Section 6 provides an exemption for a pension administration information technology (IT) project to continue any unexpended 2019-21 biennium funds into the 2023-25 biennium.

Continuing Appropriations

Investment expenses - Section 21-10-06.2 - Investment management, custody, consulting, income offset, and due diligence/education costs.

Benefits and refunds - Section 15-39.1-05.2 - Benefits and refunds from the Teachers' Fund for Retirement.

Administrative charges - Section 15-39.1-05.2 - Income offset and Teachers' Fund for Retirement consulting costs.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The audit for the Retirement and Investment Office conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2021, did not identify any significant audit findings.

The *Schedules of Employer Allocations and Pension Amounts by Employer* prepared for the Retirement and Investment Office and audited by CliftonLarsonAllen LLP, for the period ending June 30, 2021, did not identify any significant audit findings.

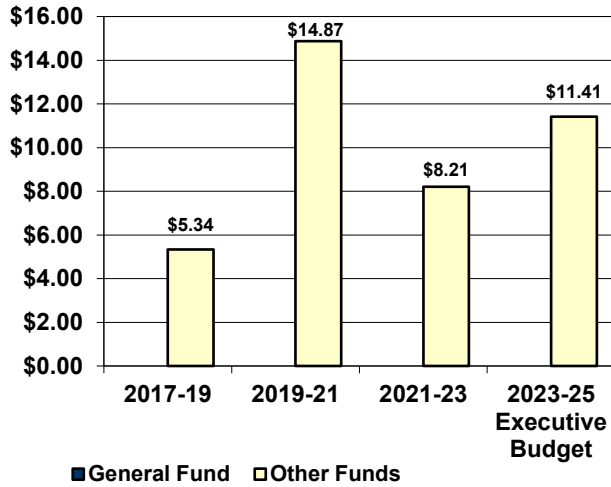
Major Related Legislation

House Bill No. 1227 - Requires the Retirement and Investment Office to arrange for a cost-benefit analysis of any measures with asset allocation or investment policy impacts to the legacy fund.

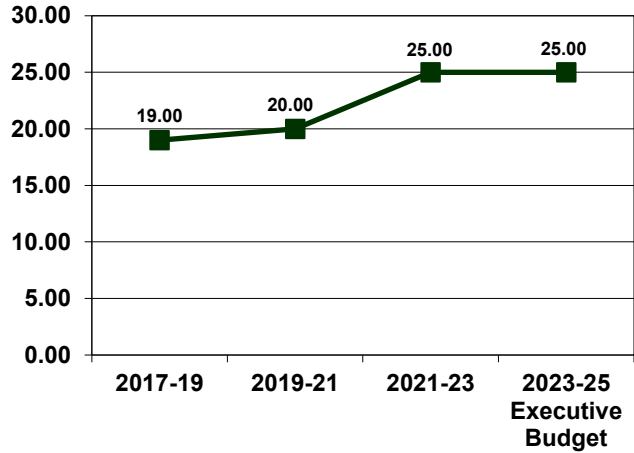
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$5,413,425	\$5,340,054	\$5,869,164	\$8,209,367	\$10,839,595
Increase (decrease) from previous biennium	N/A	(\$73,371)	\$529,110	\$2,340,203	\$2,630,228
Percentage increase (decrease) from previous biennium	N/A	(1.4%)	9.9%	39.9%	32.0%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(1.40%)	8.4%	51.6%	100.2%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Adjusted funding for operating expenses (\$128,390)
- Reduced contingency funding to \$52,000 (\$30,000)

2019-21 Biennium

- Added 1 FTE investment analyst position (\$294,996) and related operating expenses (\$14,450) \$309,446
- Added funding for Microsoft Office 365 license expenses \$12,000

2021-23 Biennium

- Added funding for 4 FTE investment professional positions (\$1,180,653), 1 FTE investment accountant position (\$155,951), and 1 FTE program outreach coordinator position (\$184,183); related operating expenses for the new FTE positions (\$75,000); and salary equity funding (\$211,075) \$1,806,862
- Added 1 FTE investment program analyst position, including \$210,000 for salaries and wages and \$15,000 for operating expenses \$225,000

2023-25 Biennium (Executive Budget Recommendation)

- Increases funding for new FTE positions approved during the November 2021 special legislative session (\$506,929) and salary equity adjustments (\$151,870) \$658,799
- Increases funding for operating expenses related to executive staff recruitment searches (\$100,000), inflationary increases (\$157,500), and pension administration software fees (\$977,419) \$1,244,919

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time other funds appropriations	\$0	\$0	\$9,000,000	\$0	\$574,900

Major One-Time Other Funds Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

Pension administration system project \$9,000,000

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

Pension software implementation, including \$436,000 for temporary staff and \$138,900 for IT fees \$574,900

Retirement and Investment Office - Budget No. 190
Senate Bill No. 2022
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	25.00	\$0	\$8,209,367	\$8,209,367	25.00	\$0	\$8,209,367	\$8,209,367
2023-25 Ongoing Funding Changes								
Cost to continue salary increases			\$41,345	\$41,345			\$41,345	\$41,345
Salary increase			549,864	549,864			401,009	401,009
Health insurance increase			128,580	128,580			131,538	131,538
Adds FTE investment assistant positions				0	2.00		374,621	374,621
Adds FTE internal investment positions				0	7.00		1,173,326	1,173,326
Increases funding for FTE positions approved during the 2021 special session			506,929	506,929			506,929	506,929
Adds funding for salary adjustments and internships				0			122,358	122,358
Adds funding for salary equity increases			151,870	151,870			151,870	151,870
Adds funding for additional salary equity increases				0			231,670	231,670
Transfers \$143,721 from operating expenses to salaries				0				0
Increases funding for Information Technology Department rates			6,721	6,721			6,721	6,721
Adds funding for executive search expenses			100,000	100,000			100,000	100,000
Adds funding for operating expense inflationary increases			167,500	167,500			167,500	167,500
Adds funding for pension administration software fees			977,419	977,419			977,419	977,419
Adds funding for staff development and marketing				0			32,750	32,750
Increases operating expenses for rent, travel, and data processing				0			266,840	266,840
Increases funding for contingencies				0			100,000	100,000
Total ongoing funding changes	0.00	\$0	\$2,630,228	\$2,630,228	9.00	\$0	\$4,785,896	\$4,785,896
One-Time Funding Items								
Adds one-time funding for pension administration software implementation			\$574,900	\$574,900			\$574,900	\$574,900
Adds one-time funding for temporary salaries				0			50,000	50,000
Total one-time funding changes	0.00	\$0	\$574,900	\$574,900	0.00	\$0	\$624,900	\$624,900
Total Changes to Base Level Funding	0.00	\$0	\$3,205,128	\$3,205,128	9.00	\$0	\$5,410,796	\$5,410,796
2023-25 Total Funding	25.00	\$0	\$11,414,495	\$11,414,495	34.00	\$0	\$13,620,163	\$13,620,163
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%		32.0%	32.0%	36.0%		58.3%	58.3%
<i>Total changes as a percentage of base level</i>	0.0%		39.0%	39.0%	36.0%		65.9%	65.9%

Other Sections in Retirement and Investment Office - Budget No. 190

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 3 would allow the Retirement and Investment Office to transfer from the contingencies line item in Section 1 of the bill to all other line items, upon approval of the State Investment Board.	
Incentive compensation		Section 3 amends Section 54-44.3-20 to exempt investment positions of the Retirement and Investment Office staff from the state employee classification system. Section 5 creates a new section to Chapter 54-52.5 relating to an incentive compensation program.

Other Sections in Retirement and Investment Office - Budget No. 190

Agency operating costs

IT project exemption

Executive Budget Recommendation

Section 4 would provide an exemption for a pension administration IT project to continue any unexpended 2019-21 biennium funds into the 2023-25 biennium.

Senate Version

Section 4 amends Section 54-52.5-03 to clarify the Retirement and Investment Office administrative expenses are from the earnings available from the funds under management.

Section 6 provides an exemption for a pension administration IT project to continue any unexpended 2019-21 biennium funds into the 2023-25 biennium.