

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2022 - Funding Summary**

	<b>Base Budget</b>	<b>Final Legislative Action</b>	<b>Comparison to Base Budget</b>
Retirement and Investment Office			
Salaries and wages	\$6,785,839	\$8,910,047	\$2,124,208
Operating expenses	1,323,528	2,869,937	1,546,409
Contingencies	100,000	200,000	100,000
Total all funds	\$8,209,367	\$11,979,984	\$3,770,617
Less estimated income	8,209,367	11,979,984	3,770,617
General fund	\$0	\$0	\$0
FTE	25.00	34.00	9.00
Bill total			
Total all funds	\$8,209,367	\$11,979,984	\$3,770,617
Less estimated income	8,209,367	11,979,984	3,770,617
General fund	\$0	\$0	\$0
FTE	25.00	34.00	9.00

**Senate Bill No. 2022 - Retirement and Investment Office - Senate Action**

	<b>Base Budget</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Salaries and wages	\$6,785,839	\$3,764,387	\$10,550,226
Operating expenses	1,323,528	1,546,409	2,869,937
Contingencies	100,000	100,000	200,000
Total all funds	\$8,209,367	\$5,410,796	\$13,620,163
Less estimated income	8,209,367	5,410,796	13,620,163
General fund	\$0	\$0	\$0
FTE	25.00	9.00	34.00

**Department 190 - Retirement and Investment Office - Detail of Senate Changes**

	<b>Adds Funding for Cost to Continue Salaries<sup>1</sup></b>	<b>Adds Funding for Salary and Benefit Increases<sup>2</sup></b>	<b>Adds FTE Positions<sup>3</sup></b>	<b>Adds Funding for Other Salary Adjustments<sup>4</sup></b>	<b>Transfers Funding from Operating to Salaries<sup>5</sup></b>	<b>Adds Funding for Operating Expenses<sup>6</sup></b>
Salaries and wages	\$41,345	\$532,547	\$1,547,947	\$1,012,827	\$143,721	\$1,551,230
Operating expenses					(143,721)	
Contingencies						
Total all funds	\$41,345	\$532,547	\$1,547,947	\$1,012,827	\$0	\$1,551,230
Less estimated income	41,345	532,547	1,547,947	1,012,827	0	1,551,230
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	9.00	0.00	0.00	0.00

	<b>Increases Funding for Contingencies<sup>7</sup></b>	<b>Adds One-Time Funding Items<sup>8</sup></b>	<b>Total Senate Changes</b>
Salaries and wages		\$486,000	\$3,764,387
Operating expenses		138,900	1,546,409
Contingencies	\$100,000		100,000
Total all funds	\$100,000	\$624,900	\$5,410,796
Less estimated income	100,000	624,900	5,410,796
General fund	\$0	\$0	\$0
FTE	0.00	0.00	9.00

<sup>1</sup> Funding derived from the income of funds under management is added for cost to continue salary increases.

<sup>2</sup> The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,643 per month:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Salary increase	\$0	\$401,009	\$401,009
Health insurance increase	<u>0</u>	<u>131,538</u>	<u>131,538</u>
Total	\$0	\$532,547	\$532,547

<sup>3</sup> Funding of \$1,547,947 derived from the income of funds under management and FTE positions are added as follows:

- \$374,621 for 2 FTE investment assistant positions.
- \$1,173,326 for 7 FTE positions, including 5 investment positions, 1 fiscal position, and 1 administrative position. The funding is only for the 2nd year of the biennium.

<sup>4</sup> Funding of \$1,012,827 derived from the income of funds under management is added for other salary adjustments as follows:

- \$506,929 for FTE positions approved during the November 2021 special legislative session.
- \$383,540 for salary equity increases.
- \$122,358 for other salary increases and internships.

<sup>5</sup> Funding of \$143,721 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

<sup>6</sup> Funding of \$1,551,230 derived from the income of funds under management is added for operating expenses as follows:

- \$6,721 for Information Technology Department rate increases.
- \$100,000 for executive search expenses.
- \$167,500 for inflationary increases.
- \$977,419 for pension administration software fees.
- \$32,750 for staff development and marketing materials.
- \$266,840 for other operating expense increases related to rent, travel, and data processing.

<sup>7</sup> Funding derived from the income of funds under management is increased by \$100,000 for contingencies to provide total funding of \$200,000.

<sup>8</sup> One-time funding of \$624,900 derived from the income of funds under management is added as follows:

- \$436,000 for temporary salaries to implement new pension administration software.
- \$50,000 for additional temporary salaries.
- \$138,900 for operating expenses related to the implementation of new pension administration software.

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This amendment also adds sections to:

- Amend North Dakota Century Code Section 54-44.3-20 to exempt the investment staff of the Retirement and Investment Office from the state employee classification system;
- Amend Section 54-52.5-03 to clarify the Retirement and Investment Office administrative expenses are from the earnings available from the funds under management;
- Create a new section to Chapter 54-52.5 relating to an incentive compensation program; and
- Provide an exemption for a pension administration information technology project to continue any unexpended 2019-21 biennium funds into the 2023-25 biennium, which are estimated to be \$6.7 million.

**Senate Bill No. 2022 - Retirement and Investment Office - House Action**

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$6,785,839	\$10,550,226	(\$1,640,179)	\$8,910,047
Operating expenses	1,323,528	2,869,937		2,869,937
Contingencies	100,000	200,000		200,000
Total all funds	\$8,209,367	\$13,620,163	(\$1,640,179)	\$11,979,984
Less estimated income	8,209,367	13,620,163	(1,640,179)	11,979,984
General fund	\$0	\$0	\$0	\$0
FTE	25.00	34.00	0.00	34.00

**Department 190 - Retirement and Investment Office - Detail of House Changes**

	Adjusts Funding for Salary and Benefit Increases <sup>1</sup>	Removes Salary Funding for Funding Pool <sup>2</sup>	Total House Changes
Salaries and wages	\$145,897	(\$1,786,076)	(\$1,640,179)
Operating expenses			
Contingencies			
Total all funds	\$145,897	(\$1,786,076)	(\$1,640,179)
Less estimated income	145,897	(1,786,076)	(1,640,179)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$0	\$148,855	\$148,855
Health insurance adjustment	0	(2,958)	(2,958)
Total	\$0	\$145,897	\$145,897

The Senate provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

<sup>2</sup> Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	\$0	(\$1,547,947)	(\$1,547,947)
Vacant FTE positions	0	(238,129)	(238,129)
Total	\$0	(\$1,786,076)	(\$1,786,076)

The Senate did not remove funding for a new and vacant FTE funding pool.

This amendment also:

- Amends two sections allowing fiscal operations positions, along with investment positions, to be exempt from the state employee classification system and to be eligible for a newly created incentive compensation program. The Senate exempted investment positions from the classification system and authorized investment positions to be eligible for a newly created incentive compensation program.
- Adds sections to require the Retirement and Investment Office to provide a report to the Budget Section prior to the implementation of the incentive compensation program and to include an emergency clause related to the report. The Senate did not include any reporting requirements for the program.

**Senate Bill No. 2022 - Retirement and Investment Office - Senate Action**

The Senate concurred with the House.