

DEPARTMENT 192 - PUBLIC EMPLOYEES RETIREMENT SYSTEM 2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$8,232,492
Operating expenses	2,416,162
Contingencies	<u>250,000</u>
Total all funds	\$10,898,654
Less other funds	<u>10,898,654</u>
Total general fund	\$0
Full-time equivalent (FTE) positions	40.50

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for salaries and wages of 40.50 FTE positions, including temporary salaries of \$100,000	\$0	\$8,232,492	\$8,232,492
2. Includes funding for operating expenses, primarily related to information technology (IT) contractual services and repairs, supplies, and data processing	\$0	\$2,416,162	\$2,416,162
3. Includes funding for contingencies, which has historically been used to defray the expenses of a nationwide search to fill the executive director position and for additional IT upgrades of the agency's business system software, PERSLink	\$0	\$250,000	\$250,000

Continuing Appropriations

Retirement benefits - North Dakota Century Code Section 54-52-13.1 - For paying prior service and service benefits, consultant fees, and making withdrawal payments and refunds from the retirement fund.

Health plan reserve fund - Section 54-52.1-04.3 - For payment of claims and other costs of the uniform group insurance program during periods of adverse claims or cost fluctuations.

Self-insurance health plan line of credit - Section 54-52.1-04.17 - The section requires the Bank of North Dakota to extend a line of credit to the Public Employees Retirement System (PERS), which PERS may access and spend to the extent necessary to provide adequate claims payments, to purchase stop-loss coverage, and defray other expenditures of administration of the self-insurance health plan and uniform group insurance program.

Uniform group insurance program benefits - Section 54-52.1-06.1 - For payment of consulting fees and health insurance benefits related to the uniform group insurance program paid from insurance premiums received by PERS.

Third-party payments - Section 54-52.1-15 - For the acceptance and expenditure of funding received from third parties, including the federal government, for programs to pay benefits, premiums, and administrative expenses related to the uniform group insurance program.

Collaborative drug therapy program - Section 54-52.1-16 - For any contributions, gifts, grants-in-aid, or other sources received by PERS for the collaborative drug therapy program under the uniform group insurance program.

Pretax benefits program - Section 54-52.3-03 - The Office of Management and Budget is required to transfer funds from Federal Insurance Contribution Act (FICA) savings accruing in agencies' salaries and wages line items to a payroll clearing account then transfer the funding to the PERS Board for administration of pretax benefits programs, including the medical spending account program. The board may use the funding to pay for consulting services, vendors providing claim services, and insurance costs and claim reimbursements associated with the medical spending account program.

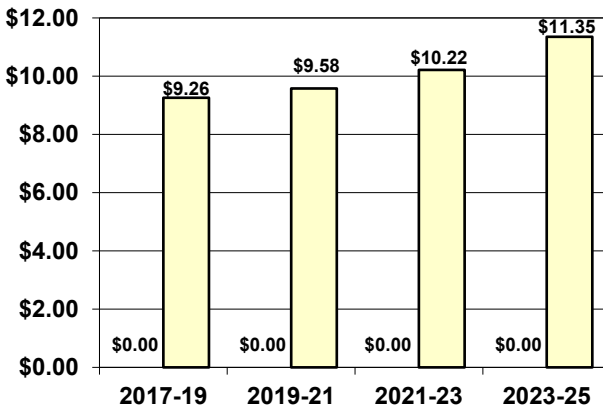
Defined contribution retirement plan - Section 54-52.6-06 - For consulting services associated with the administration of the defined contribution retirement plan. The PERS Board is authorized to use funds from the payroll clearing account established in Section 54-52.3-03 to pay for consulting expenses.

During the 2021-23 biennium, PERS spent \$1,320,860,969 on benefit payments, administrative expenses, and actuarial and technical consulting costs related to retirement, health insurance, and other employee benefits plans pursuant to continuing appropriation authority. Of this amount, \$313,467 was for consulting fees, \$491,052 was for audit fees, \$505,563 was for actuarial fees, \$238,504 was for legal fees, \$712,907,833 was for insurance premiums, and \$606,404,550 was for benefit payments. These amounts are not specifically appropriated by the Legislative Assembly.

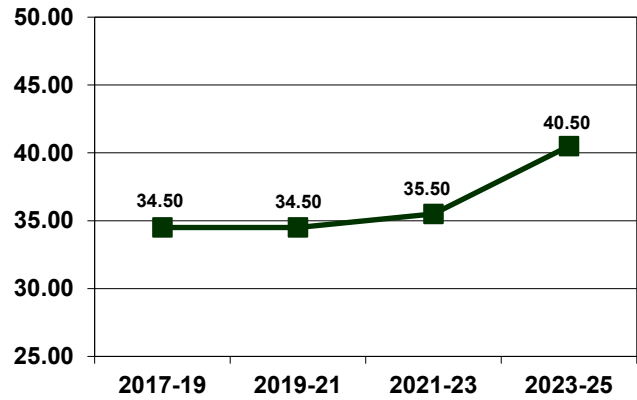
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



■ General Fund □ Other Funds

Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing other funds appropriations	\$9,496,373	\$9,258,390	\$9,346,196	\$9,855,296	\$10,898,654
Increase (decrease) from previous biennium	N/A	(\$237,983)	\$87,806	\$509,100	\$1,043,358
Percentage increase (decrease) from previous biennium	N/A	(2.5%)	0.9%	5.4%	10.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(2.5%)	(1.6%)	3.8%	14.8%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Underfunded salaries and wages (\$150,000)
- Reduced funding for printing and postage costs for newsletters (\$29,752) and annual benefit statements (\$33,220) (\$62,972)
- Reduced funding for hosting costs for a mobile application (\$43,000)

2019-21 Biennium

- Adjusted funding IT operating expenses (\$230,519)

2021-23 Biennium

- Added funding for an FTE accountant position, of which \$180,926 is for salaries and wages and \$14,365 is for related operating expenses \$195,291
- Added funding for a temporary receptionist position, of which \$139,337 is for salaries and wages and \$15,033 is for related operating expenses \$154,370
- Reduced funding for rent to provide a total of \$272,925. The reduction was due to less space being needed because a number of employees are teleworking. (\$80,865)

2023-25 Biennium

- Added funding for salary equity increases. (This amount is in addition to the \$413,700 received for the 2023-25 biennium from the targeted market equity funding pool appropriated to the Office of Management and Budget.) \$180,000
- Added funding for 3 FTE positions, including an FTE retirement processing lead position, an FTE receptionist position, and an FTE member services representative position \$503,385
- Added funding for 2 contingent FTE positions, including an FTE benefit manager position and an FTE counselor position \$481,110
- Reduced funding for temporary salaries to provide a total of \$100,000 from other funds (\$160,368)

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time other funds appropriations	\$177,370	\$0	\$230,000	\$362,100	\$455,000

Major One-Time Other Funds Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- 1. IT risk assessment \$40,000
- 2. Upgrade business system software \$190,000

2021-23 Biennium

- 1. Upgrade benefit enrollment software \$104,500
- 2. Upgrade PERSLink business system \$257,600

2023-25 Biennium

- 1. Temporary salaries to close the main system defined benefit retirement plan \$200,000
- 2. Third-party developer costs to upgrade the PERSLink business system \$125,000
- 3. Third-party developer costs to modify the PERSLink business system due to the closure of the main system defined benefit retirement plan \$125,000