



Public Employees Retirement System
Department No. 192
2025 House Bill No. 1023

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	40.50	\$0	\$13,818,430	\$13,818,430
Base level	40.50	0	10,898,654	10,898,654
Increase (decrease)	0.00	\$0	\$2,919,776	\$2,919,776
Percentage increase (decrease)	0.0%	0.0%	26.8%	26.8%

NOTE:

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

Selected Highlights

- Adds \$440,206 from special funds for salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Adds \$252,222 from special funds for a health insurance premium increase of \$250 per month (15.2 percent), from \$1,643 to \$1,893, per employee
- Adds funding from special funds to replace the 2023-25 biennium new FTE pool (\$980,870) and vacant FTE pool (\$220,377)
- Adds \$45,000 from special funds for temporary salaries for an office intern position
- Adds \$310,906 from special funds for the cost to continue information technology (IT) increases (\$298,906) and increased rent costs (\$12,000)
- Adds \$539,595 of **one-time funding** from special funds for IT contractual services to automate the PERSLink business system

Deficiency Appropriations

There are no deficiency appropriations recommended in the executive budget for this agency.

Significant Audit Findings

The audits of Public Employees Retirement System (PERS), conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the periods ending June 30, 2022, June 30, 2023, and June 30, 2024, did not identify any significant audit findings.

The *Schedules of Employer Allocations and Pension Amounts by Employer*, prepared for PERS and audited by CliftonLarsonAllen LLP, for the periods ending June 30, 2022, and June 30, 2023, did not identify any significant audit findings.

The other postemployment benefits schedule, prepared for PERS and audited by CliftonLarsonAllen LLP, for the periods ending June 30, 2022, and June 30, 2023, did not identify any significant audit findings.

Agency Fees

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency did not have any fees.

Major Related Legislation

House Bill No. 1113 - This bill requires PERS 457 deferred compensation plan participants to pay for administrative costs of the plan and authorizes PERS a continuing appropriation for contribution payments. Currently, the fees are paid through continuing appropriation by using Federal Insurance Contributions Act savings and participant contributions from other PERS plans or insurance reserves.

House Bill No. 1114 - This bill establishes an out-of-pocket limit on the cost of covered insulin drugs, resulting in a shift in the cost of the benefit from participants to the health insurance plan.

NOTE:

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



Public Employees Retirement System - Budget No. 192
Agency Worksheet - House Bill No. 1023

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	40.50	\$0	\$10,898,654	\$10,898,654
2025-27 Ongoing Funding Changes				
Base payroll changes			(\$22,226)	(\$22,226)
Cost to continue salary increases			152,826	152,826
Salary increase			440,206	440,206
Health insurance increase			252,222	252,222
Adds funding to replace the 2023-25 new FTE pool			980,870	980,870
Adds funding to replace the 2023-25 vacant FTE pool			220,377	220,377
Adds funding for temporary salaries for an office intern position			45,000	45,000
Adds funding for the cost to continue IT increases			298,906	298,906
Adds funding for rent increase			12,000	12,000
Total ongoing funding changes	0.00	\$0	\$2,380,181	\$2,380,181
One-Time Funding Items				
Adds funding for IT contractual services to automate the PERSLink business system			\$539,595	\$539,595
Total one-time funding changes	0.00	\$0	\$539,595	\$539,595
Total Changes to Base Level Funding	0.00	\$0	\$2,919,776	\$2,919,776
2025-27 Total Funding	40.50	\$0	\$13,818,430	\$13,818,430

Federal funds included in other funds

\$0

Total ongoing changes - Percentage of base level

0.0%

N/A

21.8%

21.8%

Total changes - Percentage of base level

0.0%

N/A

26.8%

26.8%

Other Sections in Public Employees Retirement System - Budget No. 192

Section Description	Executive Budget
FTE positions	Section 3 would authorize the agency to adjust FTE positions as needed, subject to the availability of funds, during the 2025-27 biennium and require the agency to report to the Office of Management and Budget and the Legislative Council of any adjustments made.

Sixty-ninth
Legislative Assembly
of North Dakota

**HOUSE BILL NO. 1023
(Governor’s Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the public employees retirement system and to provide for an exemption.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys from special funds derived from income for the purpose of defraying their expenses, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$8,232,492	\$2,069,275	\$10,301,767
Operating Expenses	2,416,162	850,501	3,266,663
Contingencies	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total All Funds	\$10,898,654	\$2,919,776	\$13,818,430
Less Estimated Income	<u>10,898,654</u>	<u>2,919,776</u>	<u>13,818,430</u>
Total General Fund	\$0	\$0	\$0
Full-time Equivalent Positions	40.50	0.00	40.50

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Upgrade Perslink	\$125,000	\$0
Closure of Defined Benefit Plan	330,000	0
Additional Sagitec resources	<u>0</u>	<u>539,595</u>
Total Special Funds	\$455,000	\$539,595

The 2025-27 one-time funding amounts are not a part of the entity's base budget for the 2027-29 biennium. The public employees retirement system shall report to the appropriations committees of the seventieth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2025 and ending June 30, 2027.

SECTION 3. EXEMPTION – FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the public employees retirement system may increase or decrease authorized full-time equivalent positions as needed, subject to the availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The public employees retirement system shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.