

DEPARTMENT 192 - PUBLIC EMPLOYEES RETIREMENT SYSTEM 2027-29 BASE-LEVEL BUDGET

Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$9,922,082
New and vacant FTE pool	607,917
Operating expenses	2,734,568
Contingencies	<u>250,000</u>
Total all funds	\$13,514,567
Less other funds	<u>13,514,567</u>
Total General Fund	\$0
FTE positions	42.50

Selected Base Budget Information

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
1. Includes funding for salaries and wages of 42.50 FTE positions, including temporary salaries of \$145,000	\$0	\$9,922,082	\$9,922,082
2. Includes a portion of the funding removed from the salaries and wages line item for estimated savings from new and vacant FTE positions. This line item includes \$398,396 related to 2 new positions and \$209,521 related to vacant positions. Funding may be transferred from this line if needed for filling new positions or if savings from vacant positions is less than estimated.	\$0	\$607,917	\$607,917
3. Includes funding for operating expenses, primarily related to information technology (IT) contractual services and repairs, supplies, and data processing	\$0	\$2,734,568	\$2,734,568
4. 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.

Deferred compensation plan - Section 54-52.2-03.4 - Authorizes the Retirement Board to charge PERS 457 deferred compensation plan participants administrative fees and authorizes PERS a continuing appropriation to use the funding to pay for the cost of administering the plan.

Pretax Benefits Program - Section 54-52.3-03 - The Office of Management and Budget is required to transfer funds from Federal Insurance Contribution Act 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.

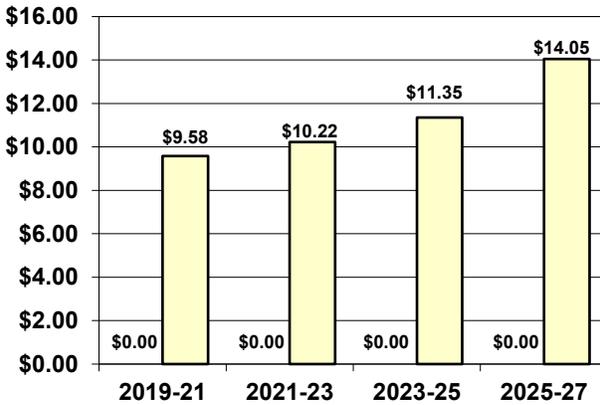
Defined contribution retirement plan - Section 54-52.6-06 - For consulting services associated with the administration of the defined contribution retirement plan. The PERS Board is authorized to use funds from the payroll clearing account established in Section 54-52.3-03 to pay for consulting expenses.

During the 2023-25 biennium, PERS spent \$1,513,861,622 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, \$551,948 was for consulting fees, \$216,198 was for audit fees, \$483,418 was for actuarial fees, \$378,466 was for legal fees, \$811,383,359 was for insurance premiums, and \$700,848,233 was for retirement benefit payments. These amounts are not specifically appropriated by the Legislative Assembly.

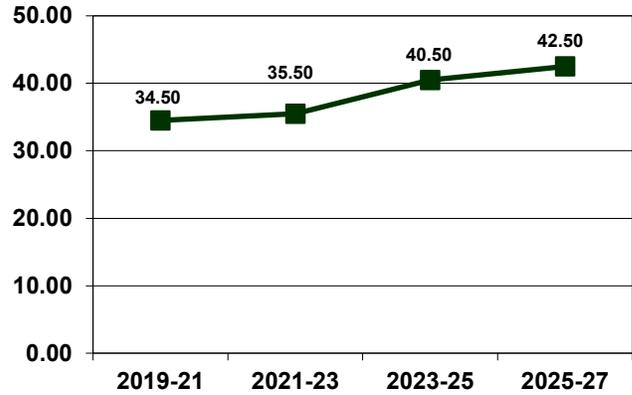
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



■ General Fund □ Other Funds

Other Funds

Major sources of special funds include:

- Group Insurance Plan Fund - A fund for the administration of state health insurance plans.
- FlexComp Plan Fund - A fund for the administration of the state flexible compensation plan.
- Retiree Health Insurance Credit Fund - A fund for the administration of the retiree health insurance credit plan.
- Defined Contribution Retirement Fund - A fund for the administration of the state defined contribution plan.
- Deferred Compensation Plan Fund - A fund for the administration of the deferred compensation plan.
- PERS Fund - A fund for administration of the state defined benefit plan.

Other Funds Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
Other funds appropriations	\$9,258,390	\$9,576,196	\$10,217,396	\$11,353,654	\$14,054,162
Increase (decrease) from previous biennium	N/A	\$317,806	\$641,200	\$1,136,258	\$2,700,508
Percentage increase (decrease) from previous biennium	N/A	3.4%	6.7%	11.1%	23.8%
Cumulative percentage increase (decrease) from 2017-19 biennium	N/A	3.4%	10.4%	22.6%	51.8%

Major Increases (Decreases) in Other Funds Appropriations

2019-21 Biennium

Ongoing

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

One-time

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

2021-23 Biennium

Ongoing

1. 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
2. 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

3. 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)
One-time	
1. Upgrade benefit enrollment software	\$104,500
2. Upgrade PERSLink business system	\$257,600
2023-25 Biennium	
Ongoing	
1. 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
2. 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
3. Added funding for 2 contingent FTE positions, including an FTE benefit manager position and an FTE counselor position	\$481,110
4. Reduced funding for temporary salaries to provide a total of \$100,000 from other funds	(\$160,368)
One-time	
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
2025-27 Biennium	
Ongoing	
1. Added funding for 1 FTE accountant position (\$239,016) and 1 FTE benefit enrollment position (\$203,646), of which \$442,662 is for salaries and wages and \$7,500 is for operating expenses	\$450,162
2. Added funding for temporary salaries for an office intern position and board member compensation to provide total temporary salaries of \$145,000	\$45,000
3. Added funding for the cost to continue IT increases (\$298,906) and rent (\$12,000)	\$310,906
One-time	
IT contractual services to automate the PERSLink business system	\$539,595